Auditor's Report on Naturgy Energy Group, S.A.

(Together with the annual accounts and directors' report of Naturgy Energy Group, S.A. for the year ended 31 December 2024)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Naturgy Energy Group, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Naturgy Energy Group, S.A. (the "Company"), which comprise the balance sheet at 31 December 2024, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable amount of non-current investments in Group companies and associates See notes 3.3, 3.20, 4 and 7 to the annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2024 the Company has recognised non-current investments in Group companies and associates amounting to Euros 28,655 million. The recoverable amount of these investments in Group companies and associates is determined, for those companies in which there is objective evidence of impairment, by applying valuation techniques which often require the exercising of judgement by the Directors and the use of assumptions and estimates. In 2024 the Company has recognised in the income statement reversals of impairment of investments in Group companies and associates in an amount of Euros 65 million. Due to the significance of the investments and the uncertainty associated with these estimates, this has been considered a key audit matter.	Our audit procedures included the following: – Assessing the design and implementation of the key controls related to evaluating the existence of evidence of impairment and, where applicable, of estimating the recoverable amount. – Assessing the existence of evidence of impairment, as well as the reasonableness of the methodology and assumptions used to estimate the recoverable amount, with the involvement of our valuation and sustainability specialists. – Assessing whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2024 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2024, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Control Committee's Responsibilities for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with Naturgy Energy Group, S.A.'s audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with the ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, safeguarding measures adopted to eliminate or reduce the threat.

From the matters communicated to the audit and control committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of Naturgy Energy Group, S.A. for 2024 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Naturgy Energy Group, S.A. are responsible for the presentation of the 2024 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the directors' report.

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit and Control Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit and control committee dated 19 February 2025.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 2 April 2024 for a period of two years, from the year ended 31 December 2024.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their ordinary general meeting, and have been auditing the annual accounts since the year ended 31 December 2021.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

This report corresponds to stamp number 01/25/00373 issued by the Spanish Institute of Registered Auditors (ICJCE)

On the Spanish Official Register of Auditors ("ROAC") with No. 20,435

Auditor's Report on Naturgy Energy Group, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Naturgy Energy Group, S.A. and subsidiaries for the year ended 31 December 2024)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Naturgy Energy Group, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Naturgy Energy Group, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and the notes to the consolidated annual accounts.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Unbilled energy supplied See notes 2.4.23, 2.4.25 and 10 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
The Group's businesses that carry out energy supply activities must make estimates of unbilled supplies to end customers in the period between the last meter reading and the end of the reporting period. At 31 December 2024 the Group has recognised revenue from unbilled energy supplied in an amount of Euros 1.160 million. The amount of unbilled energy supplied is estimated based on internal and external information that is compared with the readings contained in the management systems used by the businesses. Revenue is calculated by multiplying the volume of estimated unbilled consumption, a process that is subject to a high degree of uncertainty, by the tariff agreed for each customer. Determining unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so the recognition of revenue from unbilled energy supplied has been considered a key audit matter.	Our audit procedures included the following: - Analysing the design and implementation and the operating effectiveness of the key controls related to the process of estimating unbilled energy supplied. - Evaluating the reasonableness of the calculation model used by comparing the estimates made at the close of the previous period and actual invoicing data (retrospective analysis). - Assessing the reasonableness of the volume of unbilled energy through an analysis of historical information and other available internal and external data. - Evaluating a selected sample of the tariffs applied by comparing them with the data contained in the customer contract databases. - We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Recoverability of intangible assets, property, plant and equipment and right-of-use assets See notes 2.4.6, 2.4.25 and 4 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2024 the Group has recognised intangible assets including goodwill, property, plant and equipment, and right-of-use assets for amounts of Euros 5,980 million, Euros 19,467 million and Euros 1,229 million, respectively, allocated to the cash-generating units (CGUs) detailed in note 4 to the consolidated annual accounts. Under IFRS-EU, the recoverable amount of assets must be estimated when indications of impairment have been identified. Goodwill, intangible assets with indefinite useful lives and in-process intangible assets are not amortised, but are instead tested for impairment at least on an annual basis. The recoverable amount of the assets allocated to the CGUs is generally calculated using methodologies based on discounted cash flows, the estimation of which requires the use of a high degree of judgement by management and the use of assumptions and estimates. For one of the CGUs, fair value was calculated on the basis of third-party offers. At 31 December 2024 the Group has recognised impairment losses amounting to Euros 52 million and reversals of impairment losses amounting to Euros 70 million in the consolidated income statement. Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of the intangible assets, property, plant and equipment and right-of-use assets, the recoverability thereof has been considered a key audit matter.	Our audit procedures included the following: - Evaluating the design and implementation of the key controls related to the process of estimating the recoverable amount. - Assessing the appropriateness of the composition of the CGUs based on our understanding of management of the business. - Analysing the reasonableness and consistency of the assumptions and cash flows included in the pricing models with those considered in the business plans approved by the governing bodies. - Evaluating the reasonableness of the methodology used to calculate value in use, fair value and the main assumptions considered, with the involvement of our valuation and sustainability specialists. - In the Renewables Generation Spain CGU, checking the fair value of certain assets against market comparables. - Comparing the cash flow forecasts estimated in prior years with the actual cash flows obtained. - Evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable. - We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Commitments to purchase natural gas and liquefied natural gas for own use See notes 2.4.8 and 36 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2024 the Group has long-term contractual commitments to purchase natural gas and liquefied natural gas amounting to Euros 45,269 million. These contracts are signed and held to meet the Group's expected need for receiving or delivering gas in accordance with periodical purchase and sale forecasts. Consequently, the Group classifies these contracts as for "own use", adhering to the exception established by the standard enabling them to be recognised as executory contracts, and they are therefore excluded from the scope of IFRS 9 Financial Instruments. The assessment of long-term gas supply contracts to determine whether they should be classified as for "own use" requires management to exercise judgement as regards forecast supply and demand in the short, medium and long term, and the fulfilment of the contractual clauses. Consequently, this has been considered a key audit matter.	Our audit procedures included the following: - Evaluating the design and implementation of the key controls linked to the process of assessing the requirements for classifying these contracts as for "own use". - Reading and analysing a significant sample of natural gas and liquefied natural gas supply contracts signed by the Group. - Analysing whether these supply contracts meet the definition of "own use" stipulated in the applicable financial reporting framework based on an analysis of the conditions set out therein, the quantities acquired during the year, minimum contract quantities and the reasonableness of the Group's gas sales forecasts. - We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2024 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2024, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Control Committee's Responsibilities for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and control committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and execute the audit of the Group to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the Group as the basis to form an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the work performed for the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and control committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity’s audit committee with a statement that we have complied with the ethical requirements regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, safeguarding measures adopted to eliminate or reduce the threat.

From the matters communicated to the Audit and Control Committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Naturgy Energy Group, S.A. and its subsidiaries for 2024 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Naturgy Energy Group, S.A. are responsible for the presentation of the 2024 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit and Control Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit and control committee dated 19 February 2025.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 2 April 2024 for a period of two years, beginning after the year ended 31 December 2024.

Previously, we had been appointed for a period of three years, by consensus of the shareholders at their ordinary general meeting, and have been auditing the annual accounts since the year ended 31 December 2021.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 20,435

This report corresponds to stamp number 01/25/00374 issued by the Spanish Institute of Registered Auditors (ICJCE)

Naturgy Energy Group, S.A.

Auditor's Report on the "Internal Control over Financial Reporting (ICOFR) Information" of Naturgy Energy Group, S.A. for 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Auditor's Report on the "Internal Control over Financial Reporting (ICOFR) Information" of Naturgy Energy Group, S.A. for 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors of Naturgy Energy Group, S.A.

As requested by the Board of Directors of Naturgy Energy Group, S.A. (the "Entity") and in accordance with our proposal letter dated 28 October 2024, we have applied certain procedures to the "ICOFR disclosures" attached in the Directors' Report of Naturgy Energy Group, S.A. for 2024, which summarises the Entity's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the ICOFR information attached hereto.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Entity in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Entity's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Entity's annual accounts. Consequently, the scope of our evaluation of internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the effectiveness of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information concerning the system of Internal Control over Financial Reporting in Listed Companies, published on the website of the Spanish National Securities Market Commission (CNMV), which define the work to be performed, the minimum scope thereof and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, nor on its design or operating effectiveness, with respect to the Entity's annual financial reporting for 2024 described in the ICOFR information attached hereto. Consequently, had additional procedures been applied other than those established in the aforementioned Guidelines, or had an audit or a review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
Tax identification number (NIF): B-78510153

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

As this special work did not constitute an audit of accounts and is not subject to current legislation regulating the audit of accounts in Spain, we do not express an audit opinion under the terms provided in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Entity regarding ICOFR – disclosures included in the directors' report – and an evaluation of whether this information meets all the minimum reporting requirements, taking into account the minimum content described in section F, regarding the description of ICOFR, of the ACGR template provided in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent of these being CNMV Circular 3/2021 of 28 September 2021 (hereinafter the CNMV Circulars).

2. Inquiries of the personnel responsible for drawing up the information detailed in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Entity.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, primarily including documents made directly available to those responsible for preparing the description of the ICOFR system. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Entity's ICOFR obtained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes taken at meetings of the board of directors, audit and control committee and other committees of the Entity for the purpose of assessing the consistency of the matters discussed at those meetings in relation to ICOFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and authorising the information detailed in point 1 above.

As a result of the procedures applied to the ICOFR information, no inconsistencies or incidents have been detected that could affect it.

This report has been prepared exclusively within the context of the requirements laid down in article 540 of the Revised Spanish Companies Act and in the CNMV Circulars for the purposes of the description of ICOFR in annual corporate governance reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Eduardo González Fernández

19 February 2025

Naturgy

Naturgy

Consolidated Non-Financial Information Statement and Sustainability Reporting 2024

Summary

01. General disclosures

1. Basis for preparation

General basis for preparation of Consolidated Non-Financial Information Statement and Sustainability Reporting (BP-1)

The present Consolidated Non-Financial Information Statement and Sustainability Reporting, for the purposes of simplification Sustainability Report, forms part of the Consolidated Directors' Report of Naturgy Energy Group, S.A. and subsidiaries -the Naturgy Group- (hereinafter, Naturgy, the "company" or the "group"). It is subject to the same criteria for approval, submission and publication as these reports and has been verified by an independent verification services expert.

With the emission of this report Naturgy Energy Group, S.A. complies with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), as set out in Annex I of Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards.

Additionally, the company complies with the provisions of the "Joint statement pending the transposition of the CSRD directive into Spanish law" issued by the Spanish Accounting and Auditing Institute (ICAC) and Spanish National Securities Market Commission (CNMV), dated 27 November 2024, and has aligned the contents of this Report with the information requirements established by Law 11/2018, of 28 December, which transposes into Spanish law Directive 2014/95/EU of the European Parliament and of the Council 22 October 2014, which modifies Directive 2013/34/EU as regards the disclosure of non-financial information. In particular, a response has been provided to those requirements that are not covered by the framework of the ESRS.

Scope of information

Introduction to scope of information BP-1_01

Aligned with the mandate of the CSRD, Naturgy has taken into account, for the definition of the coverage of this report, the companies over which it has the capacity to control, those over which it has significant influence and those activities relevant to the company from the Environmental, Social and Governance (ESG) points of view. In this sense, this Sustainability Report has been prepared on the basis of the consolidated group of companies.

Scope of the report

BP-1_02 The group financial and sustainability data presented in this report are consolidated and refer to all activities carried out during the calendar year 2024 as a global gas and electricity operator through the companies included in Appendix I of the Consolidated Financial Report for the financial year 2024.

BP-1_03 This report has been prepared on a consolidated basis, so that all companies included within the scope, present in any of the member countries of the European Union and which are subject to the CSRD, are exempt from submitting an individual sustainability report. This exemption also extends to those companies of the company that are not subject to CSRD.

BP-1_04 Throughout this report, information is presented on the company's value chain activity, which has been used to perform the doble materiality assessment described in the section "Description of the process to identify and assess material impacts, risks and opportunities" in this chapter. It is important to highlight that this information covers all of Naturgy's own operations and, partially, the activities upstream and downstream in its value chain, as permitted in the first years of application of the sustainability reporting directive on which this report is based. The detail of the scope provided is explained in the description of Naturgy's current value chain, which appears in the section "Naturgy and its value chain" in this chapter.

Additional considerations BP-1_05; BP-1_06

Naturgy has not chosen to omit specific items of information on intellectual property, know-how or results of innovation in accordance with point 7.7. of ESRS 1.

Disclosures in relation to specific circumstances (BP-2)

Disclosures stemming from other legislation and reference standards

BP-2_16 As mentioned above, Naturgy has prepared its Sustainability Report, in terms of structure and reporting information, within the framework of the ESRS and Law 11/2018 of 28 December. However, this Report has been prepared, in turn, in accordance with other European legislation and globally accepted initiatives.

On one side, Naturgy responds to the information requirements derived from the Taxonomy Regulation, Regulation (EU) 2020/852 of the European Parliament and the Council of Europe, which establishes a classification system for economic activities that defines on the basis of objective criteria what is and is not sustainable. Specifically, Naturgy complies with the technical information requirements established in the EU Taxonomy Delegated Acts 2021/2139, 2022/1214 and 2023/2486, which complement the above-mentioned regulation, and reports on the degree of eligibility and alignment of its activities in accordance with the European taxonomy for the objectives of climate change mitigation, adaptation to climate change, protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems

BP-2_17 Furthermore, the recommendations of the international working groups Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD) have been adopted, regarding the analysis of climate risks and opportunities and those related to biodiversity and ecosystems, respectively.

At the end of this chapter, different tables have been included that break down all the disclosure requirements that have been answered in the Report. Additionally, in the Annexes chapter, a correspondence of the contents of Law 11/2018 covered by the Report, and its equivalence with the ESRS, will be included.

Time horizons addressed

Considering that the reporting period of this report, as well as of the consolidated financial statements, is 2024, the following time horizons have been established, in line with the ESRS:

- **Short term:** one year after the reference period, i.e. the year 2025.
- **Medium term:** covers the period 2026-2030 inclusive.
- **Long term:** from 2030 onwards.

Naturgy has determined that the timeframes presented above are those that best fit the company's strategic sustainability planning for the coming years, and provide the most realistic view of a possible materialisation of impacts, risks and ESG opportunities. However, in order to determine the risks derived from climate change, a scenario analysis was carried out using the following time horizons:

- **Short term:** until 2030.

- **Medium term:** until 2040.
- **Long term:** until 2050.

The use of different time horizons is due to the fact that, in the case of climate risks and opportunities, Naturgy considers that they provide a more realistic view in terms of probability of occurrence and financial impact, in line with the international initiative Task Force on Climate-Related Financial Disclosures (TCFD).

Value chain estimation BP-2_03; BP-2_04; BP-2_05; BP-2_06

This Sustainability Report includes the main ESG matter considered material for Naturgy's activity and its value chain. In accordance with transitional provision 10.2. of ESRS 1, the company has not made quantitative estimates relating to the value chain, except for the calculation of greenhouse gas emissions of scope 3. In this case, the quantification methodology can be consulted in the chapter on climate change, section "Methodology for calculating the greenhouse gas (GHG) emissions inventory".

Limitations of the information reported

Naturgy considers that this report provides a reasonable and balanced reflection of the company's environmental, social and governance performance. In the event that any particular indicator could not be prepared in accordance with the requirements of the ESRS, explanatory notes are added at the foot of each table.

BP-2_10; BP-2_11; BP-2_12 Throughout the Report, when it is considered to facilitate the interpretation of the data, the scope of each of the indicators shown is specified, as well as relevant variations with respect to the previous year. This case applies, for example, to those metrics that have undergone modifications in their preparation with respect to the previous report, or have been replaced together with the justification for this fact, whenever possible.

BP-2_07; BP-2_08; BP-2_09 In addition, indicators subject to a high degree of uncertainty have been identified in the body of the document, such as those referring to forward-looking economic or operational estimates, for which the calculation methodologies used (approximations and assumptions) and sources of uncertainty are also reported.

BP-2_13; BP-2_14; BP-2_15 In a continuous improvement exercise, the qualitative and quantitative information submitted in previous years is reviewed annually to ensure its accuracy. Therefore, possible inaccurate references and their nature are identified, and their correct value is determined if possible, or the reason why the correction is impracticable is explained.

Verification

The integrity, robustness and veracity of the information contained in this report are preserved by the policies and procedures incorporated in Naturgy's Sustainability Information Internal Control System (SCIIS), and are intended, among others, to ensure the correct presentation of the company's information to third parties.

Naturgy annually commissions an independent third party to verify the contents of its report. This report, corresponding to financial year 2024, has been verified by KPMG, which reviews compliance with the contents of the Sustainability Report in accordance with the ESRS, the technical requirements defined in the EU Taxonomy Delegated Acts 2021/2139, 2022/1214 and 2023/2486, which complement Regulation 2020/852 of the European Parliament and the Council of Europe (see more information in the chapter "EU Taxonomy Report (Regulation 2020/852) and sustainable financing") and, exceptionally for this financial year, Law 11/2018 of 28 December.

The objectives, scope and conclusions of the verification, as well as the procedures used, are included in the independent assurance report issued by KPMG, attached in the "Annexes" chapter of this Sustainability Report.

Finally, the inventory of greenhouse gas emissions for the year 2024, corresponding to Naturgy's carbon footprint for that monitoring period, and included in the chapter "Climate Change", has been verified by Verico SCE, in accordance with the requirements established in the UNE-ISO 14064 and GHG Protocol standards.

Incorporation of information by reference BP-2_20

In general terms, the disclosure requirements derived from the ESRS, Spanish Law 11/2018 and other legislation have been addressed in this Sustainability Report. On occasions, the report is supplemented with information contained in other corporate reports for the sole purpose of expanding on the detail contained herein, in which case cross-references to the relevant documentation have been included.

Corporate policies

Naturgy has a Corporate Responsibility Policy that establishes, for the entire Group, the common framework of action that guides the socially responsible behaviour of the company and includes the commitments with its different stakeholders. This policy was updated and approved by the Board of Directors in January 2019, following international best practices and the recommendations of the Good Governance Code of Listed Companies.

The policy establishes eight specific commitments and principles of action focused on generating long-term profitability and value creation:

- Commitment to results.
- Service excellence.
- Responsible environmental management.
- Interest in people.
- Health and safety.
- Responsible supply chain.
- Social commitment.
- Integrity and transparency.

These commitments are further developed through specific policies. The policies related to the material impacts, risks and opportunities developed in this report are detailed below:

- Code of Ethics and other policies derived from compliance (see chapter on Business Conduct in this Report).
- Global Human Rights Policy.
- Global Environmental Policy.
- Global People Policy.
- Global Safety, Health and Welfare Policy.
- Global Compensation Policy.
- Global Industrial Relations Policy.
- Global Management Talent and Training Policy.
- Global Outsourcing Policy.
- Global Supplier Policy.
- Global Cybersecurity Policy.
- Global Personal Data Protection Policy.
- Global Institutional Relations Policy.

At the time of preparing this report, Naturgy is in the process of defining a new regulatory model that includes the review policies related to the material issues identified. There are two circumstances that lead the company to consider it more appropriate not to definitively approve these policies until it has greater visibility and, if necessary, to introduce possible adjustments derived from the resolution of these.

The first of these situations is that the CSRD Directive has not yet been transposed into Spanish law, and the second is that the company is defining its strategy for the period 2025-2027 at the same time as this report is being drawn up. Once both scenarios have been resolved, Naturgy will make the appropriate adaptations in order to subsequently approve and publish the corresponding policies, currently in a preliminary version.

The future regulatory model is based on the Declaration of Principles and Policies (DPP), which replaces the Corporate Responsibility Policy. The DPP expresses the principles (purpose, values and commitments) that guide its activities to establish trusting, stable, solid and mutually beneficial relationships with its stakeholders, contributing to building a sustainable economic model in the regions where it operates. Through the DPP, the Board of Directors establishes and undertakes to fulfil and enforce twelve commitments, focused on generating profitability and creating long-term value through the company's general strategy, in an ethical and socially responsible manner, while preserving the environment and biodiversity.

The commitments made in the DPP are as follows:

- Ethics and integrity.
- Human rights.
- Environment.
- Safety, health and well-being.
- Clients.
- Persons.
- Supply chain.
- Society.
- Transparency and communication.
- Asset protection.
- Excellence.
- Results.

These commitments are developed through the Code of Ethics (revised and approved for the last time during the financial year 2024), the Internal Audit Charter (revised and approved for the last time during the financial year 2023), the Global Policies and those policies on specific issues that emanate from these and require further development. The Global Policies, in the process of approval, among others, are:

- Sustainability (encompasses the existing Global Environmental Policy and the Global Human Rights Policy).
- Safety, Health and Welfare.
- People (encompasses current global people policies, compensation, labour relations, managerial talent and training).
- Outsourcing and suppliers (encompasses current outsourcing and supplier policies).
- Financial and Sustainability Information.
- Taxation.
- Regulations.
- Integrated Management System.
- Information Technology.
- Risks.

The DPP and the policies shall apply to all companies in which Naturgy has a majority shareholding and in those in which it is responsible for their operation and/or management. Likewise, the knowledge and application of this by those persons or companies that collaborate with Naturgy throughout its value chain is encouraged.

The information provided below and in the rest of the disclosure requirements established by the European Sustainability Reporting Standards (ESRS) relating to policies is developed in accordance with the texts of the policies currently in force, complemented by the provisions of the drafts of the above-mentioned new policies in the process of final approval, as mentioned above. In this respect, and for simplification purposes, the name of the new policies will be used in each case.

Throughout this report, a description is provided of the key content and overall objectives of the policy or policies that have been established in relation to each sustainability issue identified as material, and their identified material impacts, risks or opportunities, as well as the management and monitoring of these.

In the case of the environmental ESRS, Naturgy establishes its main principles and commitments in relation to climate change, pollution, water resources, biodiversity and ecosystems and use of resources and circular economy in the Global Environmental Policy which, as mentioned above, will be integrated into the future Global Sustainability Policy. This policy establishes the governance, strategy, identification of impacts, risks and opportunities and the establishment of metrics and objectives that guarantee the management of the environmental issues established in the ESRS by defining the principles, responsibilities and tools.

The common minimum disclosure requirements (MDR-P) relating to standards E1 to E5 (which also apply to standards S1-S4) are defined below on this Global Sustainability Policy and the specific ones (MDR-P_01 and MDR-P_04) are explained in the corresponding chapter:

- [MDR-P_02] These policies apply to all companies or entities in which the group has, directly or indirectly, a majority stake or responsibility for their operation and/or management, regardless of the geographical area in which they operate. Likewise, Naturgy undertakes to establish the necessary mechanisms and actions to extend their application to third parties directly involved in the upstream and downstream stages of its value chain.
- [MDR-P_03] This policy will be approved by the Board of Directors, as was the current Global Environmental Policy, and the highest level in the organisation responsible for its implementation is the Management Committee, as stated in the policy itself.
- [MDR-P_05] [MDR-P_06] Naturgy has defined and periodically reviews the principles and commitments of these policies, taking into account and incorporating the interests and concerns of stakeholders, and establishes mechanisms and channels to make them available and make them known:
    - makes policies public, both internally and externally;
    - reports in a transparent and rigorous manner on its actions in relation to sustainability issues in order to comply with the principles and commitments it has made;
    - disseminates risks and opportunities related to material sustainability issues;
    - develops the necessary actions to ensure that stakeholders involved in the implementation of these policies are aware of them and can comply with them;
    - raises awareness and educates employees and other relevant stakeholders on environmental and human rights issues by promoting collaboration and dialogue.

In the case of the social ESRS, Naturgy sets out its main principles and commitments in relation to the material issues in the Global Sustainability Policy and in other policies which are explained in the policy requirement of each chapter. Those minimum disclosure requirements (MDR-P) for standards S1-S4 that are covered by the Global Sustainability Policy according to the information above will be referenced in this section and MDR-P not disclosed here will be reported in the corresponding section of each standard.

In the case of the ESRS on business conduct, the chapter explains in detail how the Code of Ethics, the policies derived from compliance and other policies set out the principles and commitments relating to the identified material impacts, risks and opportunities.

2. Governance

The role of the administrative, management and supervisory bodies (GOV-1)

Naturgy's governance structure

Naturgy's corporate governance is ruled in accordance with the principles of efficiency, transparency and responsibility dictated in the recommendations and best practices at national and international level and included in the company's main internal regulations:

- Articles of Association (updated in 2022).
- Regulations of the Board of Directors and its Committees (updated in 2024).
- Regulations of the General Meeting of Shareholders (updated in 2022).
- Code of Ethics (updated in 2024) and its development policies.
- Statement of Principles and Policies (adopted in 2024).

In addition, it should be noted that the actions carried out by the Board of Directors have a clear vocation for compliance with good governance standards, mainly with regard to aspects related to the strategic plan, decision-making, the establishment of control mechanisms, risk supervision, regulatory compliance and monitoring of ethical, social and environmental issues in the development of the company's activities. Likewise, Naturgy periodically reviews its activities through compliance and internal audit processes, and includes in its internal regulations the practices that should result in the best behaviour of employees.

Naturgy's commitment to good governance extends to its entire workforce, through the development and transmission of its corporate ethical culture. The bodies responsible for governance within the company are its **governing bodies**. In this sense, Naturgy's governing bodies are structured on the basis of three levels:

- **Administrative** body, composed exclusively of the Board of Directors.
- **Supervisory** bodies, consisting of three board committees (Appointments, Remuneration and Corporate Governance Committee, Sustainability Commission, and Audit and Control Committee).
- **Management** bodies, consisting mainly of the Management Committee, which in turn has other supporting committees.

In addition, and in accordance with the Capital Companies Act, Naturgy's General Meeting of Shareholders is held annually, which deals with those matters that are attributed to it by the Regulations of the meeting and by law.

Administrative and supervisory bodies

The Board of Directors is the body with the greatest responsibility for corporate governance in the company. Its members, with the exception of the Chairman, make up the respective specific committees, whose activity facilitates the proper performance of the Board's functions.

This section provides information on the structure of the Board of Directors and its specific committees, as well as diversity indicators and other relevant aspects about the directors, particularly about their knowledge and experience in Naturgy's operating sector.

Board of Directors

GOV-1_01; GOV-1_02; GOV-1_07 The Board of Directors is made up of twelve members, with its Chairman, Mr. Francisco Reynés Massanet, being the only executive director. Therefore, eleven members of the Board are considered non-executive. Of these, eight hold the category of proprietary director, and three hold the category of independent director (representing 25% of the total number of directors).

Due to the fact that the Chairman of the Board of Directors of Naturgy is also an executive director, the company has appointed the position of coordinating director, aimed at mitigating possible conflicts of interest. This position is held by Ms. Helena Herrero, who is also an independent director, member of the Audit and Control Committee and chairwoman of the Sustainability Committee. Pursuant to article 529 Septies of the Spanish Companies Act, the coordinating director is empowered to request the calling of board meetings or the inclusion of new items on the agenda, and to coordinate and bring together the non-executive directors.

For more information on the composition of the Board, refer to section C.1.3 of the Annual Corporate Governance Report 2024, as well as to the infographic "Board of Directors and its Committees composition (as of 31 December 2024)", presented below.

With regard to the functions of the Board of Directors, this body is responsible for carrying out such acts as may be necessary for the fulfilment of the corporate purpose set out in the Articles of Association.

The Board of Directors is, in turn, the highest body responsible for approving corporate governance and corporate social responsibility policies (Statement of Principles and Policies in the case of Naturgy). Its activities include the preventive management of risks and the consideration of aspects linked to sustainability. In addition, annually, through the formulation of the respective reports, it reviews and approves the information on risks and opportunities in these matters.

The Board of Directors exercises the powers attributed to it by law, the Articles of Association and its Organisation and Functioning Regulations. Specifically, according to article 3 of the Regulations, the following general powers correspond exclusively to the Board of Directors:

- Non-delegable matters:
  - Those provided for in legislation as non-delegable.
  - The establishment, investment and supervision of the management of staff pension plans and any other commitments to staff involving the company's long-term financial liabilities.
  - The appointment and dismissal of directors who report directly to the Board or any of its members, as well as the establishment of the terms of their contracts, including their remuneration.
  - Matters subject to enhanced majority voting as referred to in Article 7(4) of the Regulation.
  - The approval of those related-party transactions whose competence has not been attributed by law to the General Meeting of Shareholders.
- Matters which ordinarily cannot be delegated, but which may be adopted by the bodies or people delegated for duly justified reasons of urgency, and which must be ratified at the first meeting of the Board of Directors held after the adoption of the decision, the most important of which are as follows:
  - Approval of management objectives, annual financing plan, investment and financing policy, corporate social responsibility policy (in the case of Naturgy, Statement of Principles and Policies).
  - Determining the company's corporate governance policy, risk control and management policy, including tax risks, and supervising internal information and control systems.
  - Approval of the financial and sustainability information that, as a listed company, the company must periodically publish.
  - Approval of investments or operations of a strategic nature.

Board of Directors committees

The Board of Directors, in order to support it in the performance of its duties, has the statutory power to create specific committees, which shall assume the powers specified by law and those entrusted to them by the Board.

In 2024, Naturgy counts on three fundamental committees, which make up the supervisory bodies of the company:

- Audit and Control Committee.
- Appointments, Remuneration and Corporate Governance Committee.
- Sustainability Commission.

Further details of the functions and powers of each of these can be found in section C.2.1 of the Annual Corporate Governance Report 2024.

Audit and Control Committee GOV-1_01; GOV-1_02

The Audit and Control Committee is the supervisory body for the effectiveness of internal control and financial and sustainability risk control and management systems, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks. It also approves the Corporate Risk Map and ensures compliance with the Global Risk Control and Management Policy approved by the Board of Directors.

Another of its main functions, as detailed in the Annual Corporate Governance Report 2024, is to participate in the process of renewing the external auditor, who is responsible, in particular, for verifying the sustainability information included in this document. It is made up of five directors, all of whom are non-executive directors.

Appointments, Remuneration and Corporate Governance Committee GOV-1_01; GOV-1_02

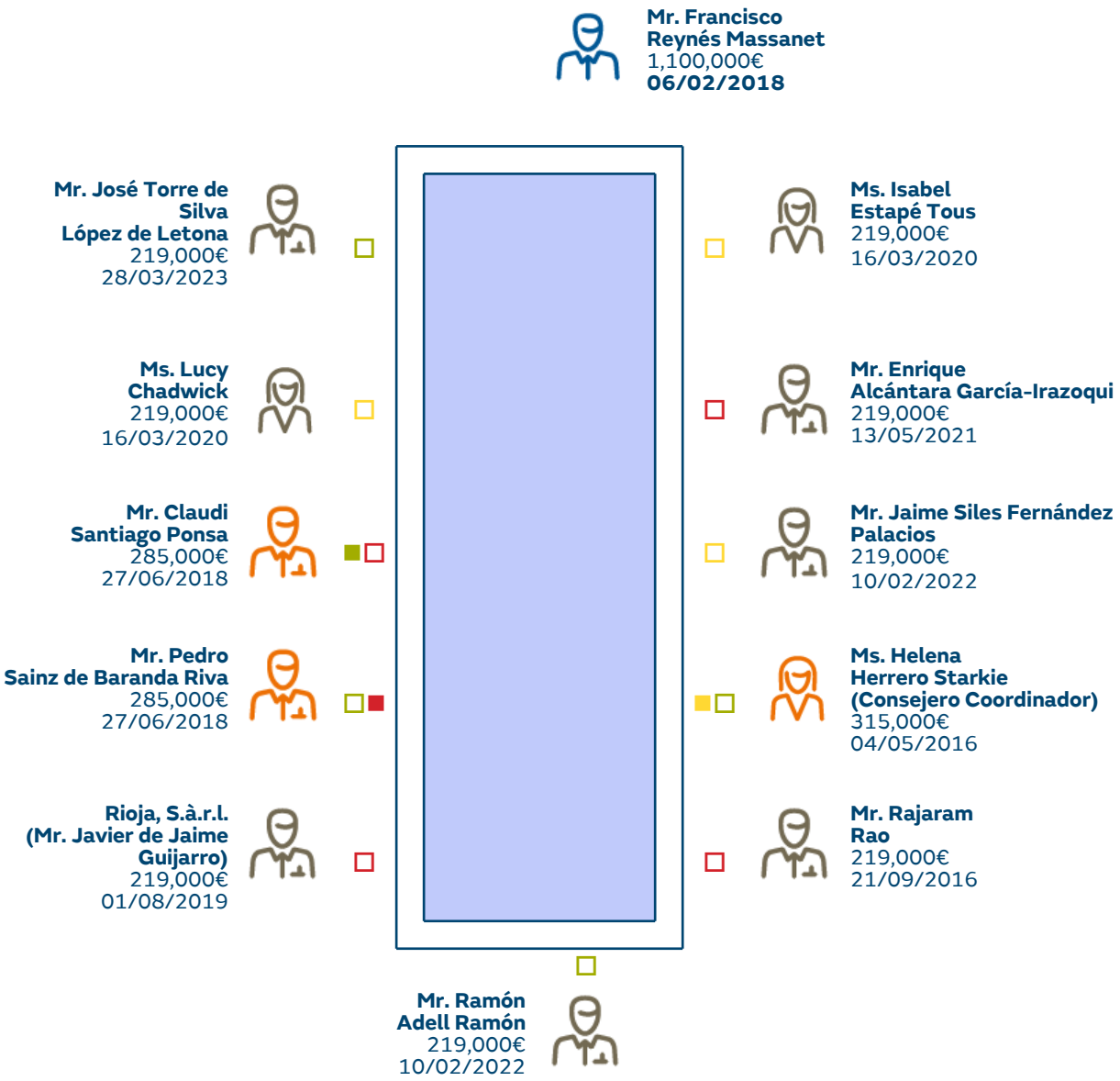
The Appointments, Remuneration and Corporate Governance Committee, among other functions, evaluates and periodically reviews the adequacy of the company's corporate governance system, participates in the process of appointing or renewing directors, verifies the policy for selecting directors, and periodically reviews the remuneration policy applied to directors and senior management. It is made up of five directors, all of whom are non-executive directors.

Sustainability Commission GOV-1_01; GOV-1_02

In 2020, Naturgy's Board of Directors agreed to create the Sustainability Commission, responsible for overseeing the company's evolution and role in the energy transition, as well as all its environmental, health and safety and social responsibility indicators.

GOV-1_08 Additionally, the Sustainability Commission is the body responsible for the governance of sustainability and ESG aspects in the company. In particular, it is responsible for supervising the results of the double materiality assessment, that is, the present and future impacts, risks and opportunities which are applicable to Naturgy. The Commission is made up of four directors, all of them non-executive, whose identity can be consulted in the infographic below:

- **Board of Directors and its Committees composition (as of 31 December 2024)**
  GOV-1_08



Nature of the position

- Executive
- Proprietary
- Independent

Committee type

- Audit and Control Committee
- Appointment, Remuneration and Corporate Governance Committee
- Sustainability Committee

- Committee chairman/chairwoman
- Comitte Member

Board's and its committees diversity metrics GOV-1_05

GOV-1_06 Naturgy's Board of Directors is made up of twelve members, of which three are women, representing 25% of the total number of Directors. Thus, the gender distribution of the Board of Directors and the specific committees as of 31 December 2024 is as follows:

- **Administrative and supervisory breakdown by gender (%)**

	2024	2023
Board of Directors	**12**	**12**
Male	9	9
Female	3	3
Total (%)	**25**	**25**
Audit and Control Committee	**5**	**5**
Male	4	4
Female	1	1
Total (%)	**20**	**20**
Appointment, Retribution and Corporate Governance Committee	**5**	**5**
Male	5	5
Female	0	0
Total (%)	**0**	**0**
Sustainability Committee	**4**	**4**
Male	1	1
Female	3	3
Total (%)	**75**	**75**

Naturgy's Director Selection Policy, revised in February 2022, ensures that appointments are diverse and free from any implicit bias that could imply any discrimination, and does not exclude any candidate on the basis of ideology, religion, belief, ethnicity, race, nation, gender, sexual orientation, family situation, illness or disability.

As vacancies arise on the Board or as directors' terms of office expire, and always with full respect for the shareholders' right to proportional representation, the company will deliberately seek out and include among the potential candidates women who meet the professional profile sought, ensuring that the number of female directors is in line with the best practices established both in the CNMV's good governance recommendations and in Spanish Organic Law 2/2024 of 1 August on equal representation and balanced presence of women and men, which transposes Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on a better gender balance among directors of listed companies and related measures. The Appointment, Remuneration and Corporate Governance Committee shall implement measures to ensure that this is achieved and to encourage the appointment of a significant number of female directors in the company.

With regard to the selection of candidates for Board membership, the process starts with an assessment by the Appointment, Remuneration and Corporate Governance Committee, which may be assisted by external advisors. The analysis, in line with the company's Director Selection Policy, is based on the needs of the company and on the skills, knowledge and experience required on the Board, as well as on the candidate's alignment with Naturgy's principles, values and vision. This issue will be dealt with in the following section.

Another indicator of diversity relating to the Board of Directors is the age of its members. Board members categorised below according to this metric:

- **Directors breakdown by age category (%)**

	2024	2023
Under 55 (%) years old	25	25
Between 55 and 60 (%) years old	17	33
Over 60 (%) years old	58	42
Total (%)	**100**	**100**

Directors knowledge and experience GOV-1_04

The Board of Directors, as mentioned in the previous section, is made up of individuals with the necessary knowledge and experience to carry out the functions determined by the Regulations that govern it, and by law. Among the members of the Board there is a diversity of professional experience and academic knowledge (engineers, lawyers or economists, among others), as has been identified in the Board's competency matrix, which is presented below. In particular, this matrix reflects their past experience in Naturgy's sector of activity, in the markets in which it operates, and in the management of the services offered by the group:

	Mr. Ramón Adell	Ms. Isabel Estapé	Mr. Enrique Alcántara	Mr. Jaime Siles Fernández-Palacios	Ms. Helena Herrero	Mr. Javier de Jaime	Mr. Rajaram Rao	Mr. Francisco Reynés	Mr. Pedro Sainz de Baranda	Mr. Claudi Santiago	Ms. Lucy Chadwick	Mr. José Antonio Torre de Silva
Global energy trends / strategy / technology	■		■	■	■		■	■		■	■	
Infrastructure (investments in regulated environments)	■	■	■	■		■	■	■		■	■	■
B2C (customer experience and new services)	■				■	■		■	■			■
Operational excellence and process optimisation	■				■			■	■	■		
Regulators / other relations with public stakeholders	■	■	■	■			■	■			■	
Experience in Spain	■	■	■	■	■	■	■	■	■	■	■	■
Experience in Latin America	■	■	■	■	■	■	■	■	■	■	■	■
International experience	■	■	■	■	■	■	■	■	■	■	■	■
Experience in senior management				■	■	■	■	■	■	■	■	■
Accounting / auditing / risk management	■	■	■	■	■	■	■	■	■	■	■	■
Corporate finance	■	■		■	■	■	■	■	■	■		■
Industry and energy technologies (industry technologies)								■	■	■	■	
Industry and energy technologies (information technologies)					■			■	■	■	■	
Talent management and remuneration	■	■			■	■	■	■	■	■	■	■
Corporate governance and sustainability (ESG)	■	■	■	■	■	■	■	■	■	■	■	■
Climate change		■		■	■			■		■	■	■

Nature of the position

■ Executive. ■ Independent. ■ Proprietary.

Experience

■ Executive professional experience.

■ Experience as a director or indirect executive experience.

GOV-1_15; GOV-1_16 As indicated in the Regulations of the Organisation and Functioning of the Board of Directors and its Committees, in order to guarantee the correct performance of the duties of the Directors, particularly in sustainability matters, the Board shall establish training programmes that provide them with the required knowledge of the company and its corporate governance rules. The Chairman shall also agree on refresher programmes for Directors when circumstances so advise.

On the other hand, the directors shall have access, through the chairman and, where appropriate, the secretary, to all Naturgy services and to the necessary information and advice about the company. Such information may be provided directly to them, they may be offered appropriate interlocutors or other relevant measures.

The directors may also propose to the Board of Directors the engagement of legal, accounting, technical, financial, commercial or any other type of advisers they consider necessary in the interests of the company and to facilitate the exercise of their functions - in the event of specific problems of a certain importance and complexity.

The knowledge of the directors acquired through their experience or the indicated advice, as well as the quality and efficiency of the functioning of the Board and its committees, are evaluated annually, in accordance with the recommendations of the Good Governance Code of Listed Companies of the CNMV and Naturgy's own Regulations of the Board of Directors. Every three years, the evaluation is carried out by an external consultant, whose independence is verified by the Appointments, Remuneration and Corporate Governance Committee.

In 2024, an internal evaluation process of the Board of Directors and its Committees has been carried out. The last evaluation process by an external consultant was carried out in 2023.

As part of this self-assessment process, the directors completed a series of questionnaires on the functioning of the Board and its Committees, asking for their assessment on issues related to the structure of the Board and its functioning, on its work in supervising aspects such as internal audit, compliance, risks, or the monitoring of the company's strategic plan.

The process of evaluation and analysis of the functioning and effectiveness of the Board has been structured around those areas which, in accordance with the CNMV's Technical Guide 1/2029 on Appointments and Remuneration Committees, have been considered key, mainly those related to the structure and composition of the Board, the functioning of the Committees, the evaluation of the performance of the Chairman of the Board of Directors, the Chairmen of each of the Committees, the Coordinating Independent Director and the Secretary of the Board.

The assessment of each of the subjects identified has been addressed through a series of critical questions in the questionnaires submitted.

After receiving the evaluation report, the Board of Directors, at its meeting held on 18 February 2025, agreed to implement some of the suggestions for improvement contained in the report during 2025.

[GOV-1_17] Access to specialised knowledge enables Directors to properly perform their corporate duties. This is particularly relevant for the members of the Sustainability Commission, given their responsibility in supervising the company's material impacts, risks and opportunities, approving the appropriate policies for their management, or establishing a sustainability roadmap to manage ESG issues appropriately.

For proper management of the environmental issues identified in the double materiality assessment, the experience of its member, Ms. Lucy Chadwick, is noteworthy for her work on the Investment Committee of Global Infrastructure Partners (GIP), as an advisor on ESG considerations, being also responsible for ESG of that group, which allows her to operate with all GIP investments in the Energy, Transport, Water and Waste and Digital sectors, or that of Mr. Jaime Siles for his participation in the Investment Committee of the company specialising in the management of the integral water cycle, Aqualia.

At the same time, with regard to social issues, the experience of the chairwoman of the Commission, Ms. Helena Herrero, should be highlighted for her participation in prominent business, institutional, social and cultural forums, which focus on areas of special social impact, or on the digital divide, among others. Also worthy of mention is the employment history of Ms. Isabel Estapé, who, having been a member of numerous boards of directors and being a member of the Royal Academy of Economic and Financial Sciences, holds the position of patron of various social foundations and collaborates with various charities, and that of Mr. Pedro Sainz de Baranda and Mr. Javier de Jaime, who also hold the positions of patron of various social foundations.

In terms of business conduct, a high percentage of the directors have previously served on the Boards of Directors of other companies, so their experience in terms of corporate governance and business conduct is extensive. In this regard, it is worth highlighting the figures of Mr. Ramón Adell, Mr. Javier De Jaime Guijarro, Ms. Helena Herrero, Mr. Pedro Sainz de Baranda and Mr. Claudi Santiago, among others.

Management bodies

The management team is responsible for the direct management of the Company through the various business and corporate units, based on the implementation of the strategies, policies and roadmaps established by the Board of Directors. In this area, the most representative body is the Management Committee, whose activity is complemented, in addition to other committees regulating specific issues of the entity, by the activity of other members who are considered at senior management level, in the terms defined by the CNMV.

Management Committee and senior management

The chief executive of the company is also the Chairman of the Board of Directors and has responsibility for all the Group's businesses. The company has a management structure with the necessary powers to carry out both the company's own operations and its basic management activities. As at 31 December 2024, the following persons, in addition to the Executive Chairman, are considered members of the Management Committee:

- Networks Management Department, managed by Mr. Pedro Larrea Paguaga.
- Procurement and Wholesale Markets Department, managed by Mr. Jon Ganuza Fernández de Arroyabe.
- Renewable Generation, managed by Mr. Jorge Barredo López.
- Commercialisation Department, managed by Mr. Carlos Francisco Vecino Montalvo.
- Renewable Gases Department, managed by Mr. José Luis Gil Sánchez.
- Company and Board Secretariat, managed by Mr. Manuel García Cobaleda.
- Capital Markets and Corporate Development Department, managed by Mr. Steven Fernández Fernández.
- Public Affairs and Sustainability Department, managed by Mr. Jordi García Tabernero.
- People and Resources Department, managed by Mr. Enrique Tapia López.
- Technology and Systems Department, managed by Mr. Rafael Blesa Martínez.

The Management Committee, led by its chairman, periodically analyses the sustainability action plans and their specific proposals, and supervises their performance and execution. It also ensures the implementation and monitoring of business and sustainability policies, strategies, plans and objectives, and proposes measures in the areas of energy transition, climate change and sustainable development, among others.

In addition to the members of the Management Committee, senior management includes those executives who report directly to the Board or to the chief executive of the company, Mr. Francisco Reynés Massanet.

As of 31 December 2024, the senior management is composed, in addition to the Management Committee, of

- Planning and Management Control Department, managed by Ms. Rita Ruiz de Alda Iparraguirre.
- Consolidation and Administration Department, managed by Mr. Gabriel Deseff Rodríguez.
- External Communications Department, managed by Mr. Víctor Márquez Moya.
- Compliance Unit, managed by Ms. Isabel González Alfaro.
- Environment and Social Responsibility, managed by Ms. Nuria Rodríguez Peinado.
- Internal Audit Department, managed by Ms. Eva Fernández Roselló.

Among other functions, senior management is responsible for the implementation of the Risk Control and Management model approved by the Board of Directors and for disseminating the internal control culture. It proposes to the Board the target risk limits for consideration and approval supported by the specific committees.

Diversity metrics in senior management GOV-1_05

Senior management consists of 17 members, 4 of whom are women, representing 24% of the total.

	2024		2023	
Female	4	24 %	1	9 %
Male	13	76 %	10	91 %
Other[(2)]	-	-	-	-
Not disclosed[(3)]	-	-	-	-

(1) The information is expressed in total number of persons and as a % of the total.
(2) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(3) 'Not disclosed' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.

An additional factor of diversity in senior management is the age distribution of its members. A categorisation of this group based on this criterion is presented below:

- **Senior management breakdown by age category (%)**

	2024	2023
Under 55 (%) years old	53	50
Between 55 and 60 (%) years old	41	50
Over 60 (%) years old	6	0
Total (%)	**100**	**100**

Naturgy's Director Selection Policy, mentioned above, expressly contemplates the implementation of measures to encourage the appointment of a significant number of women in senior management. These measures are aimed at enhancing the professional role of women in Naturgy, their visibility and networking, moving towards gender parity at different levels of the company through specific training actions, career development programmes and promotion of diverse leadership, as well as the prioritisation of this group in internal mobility plans, organisational evolutions and succession plans. The company is also committed to generational balance through recruitment and development programmes for young professionals and intergenerational talent development programmes.

Senior management members experience GOV-1_04; GOV-1_15; GOV-1_16; GOV-1_17

With regard to the diversity in the composition of the members of the senior management, it is worth highlighting the plurality of profiles that comprise it. The areas of expertise existing at 31 December 2024 are as follows:

- three degrees in law,
- seven engineers,
- a degree in political science,
- two degrees in Business Administration and Management,
- a National Public Accountant,
- a degree in economics and finance,
- two degrees in information science.

They all have a broad business and professional background, with extensive knowledge of the energy sector and, in particular, of the functioning of energy markets.

In addition, due to the international presence of the group's activities, senior management has extensive international experience in the geographies where the company operates.

The members of Naturgy's senior management also have proven experience in corporate governance, as their functions include sitting on various boards of directors or even on the board of trustees of a foundation. Likewise, by virtue of the functions they perform, they have competencies in corporate finance, strategic planning and usually participate in the identification and management of risks inherent to each of the activities carried out by the company.

In addition, most members of senior management are also members of specific committees in the areas of Ethics and Compliance, Sustainability or energy regulation.

Finally, all senior management members are regularly advised by experts in the various matters under their responsibility. They also all receive training and participate in events related to the company's material topics.

Governance model on ESG issues

GOV-1_12 Naturgy's commitment with sustainability is integrated at all levels of the company's hierarchy. In this regard, the group can provide a coordinated response to ESG impacts, risks and opportunities identified in the double materiality assessment, thus boosting the resilience of the business and the corporate strategy. The different lines of sustainability reporting to the governing bodies are presented below:

(1) Administrative body.
(2) Supervisory body.
(3) Management body.

The reporting and control processes established on the company's sustainability information apply particularly to the impacts, risks and opportunities identified and assessed in the double materiality assessment. Thus, each body is attributed different responsibilities, as indicated below, to facilitate the integration of material issues for Naturgy in the company's strategy and business model.

GOV-1_09 Naturgy integrates the management of impacts, risks and opportunities as a key element of its governance, which helps to ensure long-term sustainability, value creation for stakeholders and capacity to anticipate and respond to risks and impacts.

In this area, the Sustainability Commission, a Board of Directors delegated body, is responsible for supervising and approving the development of the double materiality assessment. In addition, the Environment and Social Responsibility Unit coordinates the Sustainability Committee and reports to the Management Committee and the Sustainability Commission on sustainability matters, integrates the material impacts, risks and opportunities into Naturgy's strategic vision and is responsible for the implementation and supervision of policies related to this matter.

GOV-1_13 Naturgy has a governance framework that brings together the vision of Governance, Risk and Compliance, enabling an integrated view of the Group's processes, the risk associated with them and the controls in place to mitigate these risks.

It has different bodies that play an active role in designing, implementing and monitoring processes, procedures and controls that let anticipating and managing impacts, risks and opportunities.

The various controls associated with ESG impacts, risks and opportunities are integrated into other internal functions of each body, as detailed below.

Board of Directors

The Board of Directors is the highest-ranking body accountable for approving corporate governance policies and those related to sustainability issues, as well as those related to any environmental or social issues. It is also the body responsible for approving the financial and sustainability information to be published by the company, and is also responsible for supervising the internal information and control systems.

In the specific case of climate change, given the importance for Naturgy of both this matter and the energy transition, the Board has approved the Climate Transition Plan, which establishes the commitments made by the company to reduce greenhouse gas (GHG) emissions and the action lines to reduce and mitigate climate impacts and risks, as well as to take advantage of the opportunities associated with energy transition, which have been established taking the Paris Agreement as a reference, among others. The different action lines approved by the Board are implemented by the corporate and business units.

Furthermore, the Board is informed by the Sustainability Commission of the consultations made to stakeholders on sustainability matters, so that their perspectives are integrated into the company's strategy, commitments and management systems. In particular, the Board is responsible for approving a Policy for communication with shareholders, investors and proxy advisors, which is published on the corporate website.

The Board is also empowered to approve the Corporate Responsibility Policy, the content of which is expressed through the Statement of Principles and Policies (see more information in the "Corporate Policies" section of this Report). Additionally, since the entry into force of the CSRD and the ESRS reporting framework, Naturgy has considered it appropriate to develop a new Global Sustainability Policy that reflects the company's vision and cross-cutting commitments in ESG matters, as detailed in the aforementioned section.

GOV-1_10 In risks terms, the Board of Directors is the body responsible for approving the Risk Management and Control Policy, the integrated Risk Appetite and for supervising the company's Risk Management and Control System.

A particular case that requires special attention is the increase in risks and threats related to cybersecurity. This is why, in the double materiality assessment carried out, it has been determined as a specific material topic for the entity (see chapter 5 of this report). In this regard, the company has a global cybersecurity governance system for the entire organisation, and the Board of Directors is in charge of supervising this matter.

GOV-1_11 The Board of Directors has delegated to different bodies the activities of identification, supervision and management of impacts, risks and opportunities in ESG topics.

Audit and Control Committee

The Audit and Control Committee is, by delegation, the body in charge of supervising the Global Risk Control and Management Policy, as well as the company's Integral Risk Management and Control System. In this regard, it is responsible for reviewing, informed by the Internal Audit function, the financial and sustainability risk control and management systems, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks.

It is also the body in charge of supervising, updating and approving the Corporate Risk Map, including the sustainability risks analysed in the double materiality assessment, which is updated and presented to the Committee by the Planning and Management Control corporate unit, and ensures compliance with the Global Risk Control and Management Policy approved by the Board of Directors.

Another of its fundamental functions is to supervise the process of preparing and reporting financial and sustainability information, as well as its assurance through two internal control systems: the Financial Information Internal Control System (SCIIF) and the Sustainability Information Internal Control System (SCIIS), respectively.

In addition, the Committee analyses and reports to the Board of Directors on the economic conditions and accounting impact of future transactions involving structural and corporate changes.

For the exercise of its functions, the Committee may summon any employee or manager of the group, including requiring his or her appearance without the presence of any other manager. The Committee meets regularly, at least four times a year. For further information, refer to the Report on the functioning of the Audit and Control Committee during financial year 2024, as well as to section C.2.1 of the Annual Corporate Governance Report 2024.

Sustainability Commission

The Sustainability Commission has, as one of its functions, the supervision and approval of the double materiality assessment process and its results. In this regard, the sustainability impacts, risks and opportunities are integrated into the corporate strategy. In this regard, the Commission is responsible for proposing to the Board of Directors the approval of the Global Sustainability Policy, in the terms mentioned above.

GOV-1_14 In addition, the Commission proposes to the Board, informed by the Environment and Social Responsibility corporate unit, the corporate objectives and guidelines on environmental, health and safety and social responsibility matters, all of which are included in the company's Sustainability Plan. Also in relation to ESG issues, and more particularly the impacts, risks and opportunities identified, the Commission is responsible for analysing and reviewing sustainability, environmental and social policies and ensuring that the company's practices are aligned with energy transition, the Paris Agreement and contribute to the 2030 Agenda for Sustainable Development Goals. In addition, the Commission determines and reviews the target ESG risk profile and oversees its management by the units.

The Commission is also responsible for supervising the application of the corporate policy regarding communication with shareholders and investors, proxy advisors and other stakeholders, particularly the way in which Naturgy relates and communicates with small and medium-sized shareholders. In addition, it is responsible for reviewing the information disclosed by the company on sustainability and for supervising the design, implementation and monitoring of the Sustainability Information Internal Control System (SCIIS).

For the exercise of its duties, the Commission may invite to its meetings any employee or officer of the group it deems appropriate. The Commission meets regularly at least three times a year. Further information can be found in section C.2.1 of the company's Annual Corporate Governance Report 2024.

Management Committee

The Management Committee is responsible for the implementation and monitoring of business and sustainability policies, strategies, plans and objectives, and proposes measures in the areas of energy transition, climate change and sustainable development. In addition, it approves safety action plans, specifically the Safety Action Plan 2024-2025.

In risks terms, the Management Committee, with the support of senior management, is responsible for implementing the Risk Control and Management model and proposes the target risk limits to the Board for consideration and approval.

In addition, the Management Committee integrates the corporate cybersecurity function, through the figure of the Chief Information Officer. This corporate function (Global Head Chief Information Security Officer) is responsible for ensuring the correct strategic alignment of the policies and regulations applicable in each of the businesses, which in turn have specific cybersecurity officers (Business Information Security Officers).

Sustainability Committee

The Sustainability Committee, with representation from all areas of the company, monitors the metrics and defines and promotes the projects and actions necessary to ensure compliance with the Sustainability Plan targets. Additionally, it monitors compliance with the group's ESG policies.

Environment and Social Responsibility unit

The Environment and Social Responsibility unit, in coordination with the business and corporate areas, designs the policies, metrics and targets for the environment, climate change and sustainability in general, monitors the evolution, consolidates the information and centralises the report to the Sustainability Committee, the Management Committee and the Sustainability Commission. In addition, it continuously assesses the main climate and ESG risk factors.

Planning and Management Control corporate unit

The Planning and Management Control corporate unit is responsible for aggregating the risks reported by the rest of the company's units and preparing a global and integrated vision for senior management of all the company's risks through the Corporate Risk Map.

Consolidation and Administration corporate unit

From a financial point of view, this Report includes quantitative data that come from other company documents, and which have been assured through the Financial Information Internal Control System (SCIIF). In this respect, the Consolidation and Administration corporate unit is accountable for the implementation and operation of the SCIIF, ensuring compliance with corporate criteria within its business. On the other hand, the role of the consolidation function in certifying the reasonableness of Naturgy's individual and consolidated annual accounts, which are submitted to the Board of Directors for approval, is also noteworthy.

At the same time, it monitors and assesses the financial impacts that ESG issues may have on the company's financial statements and assets.

Other Business and Corporate Units

The various business and corporate units apply general principles and strategies and develop plans, projects and activities to meet the different ESG targets set out in the Sustainability Plan.

Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies (GOV-2)

[GOV-2_01] In Naturgy, the commitment to sustainability is transversal to all hierarchical levels of the company. Therefore, the different governing bodies are informed about the impacts, risks and opportunities identified in the annual double materiality assessment.

This analysis was carried out by the corporate Environment and Social Responsibility unit, headed by Ms. Nuria Rodríguez Peinado, and the results and methodology used were submitted to the Sustainability Commission at its meeting on 25 June 2024, where they were approved.

The corporate Environment and Social Responsibility unit also reports periodically, and during the sessions held by the Sustainability Commission, about the results of the application of the different policies and initiatives in sustainability matters, beyond the related information reported in the other delegated committees or to the Board of Directors itself by other members of senior management. In addition, at the same sessions, the company's performance with respect to the indicators and objectives established in the 2021-2025 Sustainability Plan is supervised, as well as the proposal of objectives for the following period, 2025-2027, and, at the session prior to the formulation of the annual accounts by the Board of Directors, the annual Sustainability Report is presented for prior validation.

Furthermore, as described in the following sections, Naturgy carries out due diligence processes to identify potential counterparty risks. The results of the application of these processes are periodically reported by the Compliance unit to the Audit and Control Committee.

[GOV-2_02] The reporting lines to the aforementioned governing bodies enable the integration of ESG impacts, risks and opportunities in Naturgy's strategic and operational planning. On the one hand, it should be noted that Naturgy has approved in 2025 its new Strategic Plan 2025-2027, which has an investment objective in assets that promote decarbonisation and allow progress towards energy transition. These lines of action are complemented by those included in the Climate Transition Plan, also newly approved, which will set Naturgy's course of action for the management of its climate impacts, risks and opportunities, in order to meet the ambitions established by the Paris Agreement.

A new Sustainability Plan 2025-2027 is linked to the Strategic Plan, which includes Naturgy's main ESG objectives and indicators for this period, and which enables the correct implementation of its sustainability strategy to be supervised. More specific details on the indicators included and their target values can be found in the section "Purpose and strategy" of this chapter.

The double materiality assessment is also reviewed by the Audit and Control Committee within the scope of its functions as supervisory body of the complete inventory of financial and sustainability risks of the company. Naturgy continues to work on updating the corporate Risk Map with the results of the double materiality exercise and the evaluation of ESG risks in order to integrate sustainability impacts, risks and opportunities in the company's Comprehensive Risk Management and Control System.

[GOV-2_03] In conclusion, the governing bodies have addressed the following sustainability impacts, risks and opportunities:

- The Sustainability Commission, as the supervisory body that approves the double materiality assessment and its results, has been informed by the corporate Environment and Social Responsibility unit of all impacts, risks and opportunities in ESG matters, including those considered specific to Naturgy, not covered by the ESRS.
- The Board of Directors has approved the Climate Transition Plan, informed by the Sustainability Commission, ensuring oversight of identified climate change impacts, risks and opportunities.
- In addition, other members of senior management, given their function, have a high level of knowledge about the results of the double materiality exercise:
    - Mr. Jordi García Tabernero, manager of Public Affairs and Sustainability Department.
    - Mr. Manuel García Cobaleda, Company and Board of Directors Secretary.
    - Mr. Enrique Tapia López, manager of People and Resources Department.
    - Ms. María Isabel González Alfaro, manager of Compliance Unit.
    - Ms. Nuria Rodríguez Peinado, Manager of Environment and Social Responsibility.
    - Ms. Rita Ruiz de Alda Iparraguirre, Manager of Planning and Management Control Department.
    - Mr. Gabriel Deseff Rodríguez, Manager of Consolidation and Administration Department.
    - Ms. Eva Fernández Roselló, manager of Audit Department.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Board of Directors' remuneration model GOV-3_01

The remuneration of the directors represents an issue of special importance in the good governance of the company. As such, and in accordance with the existing legal framework, Naturgy periodically reports on the remuneration of the members of the Board of Directors through the Integrated Annual Report, the Annual Accounts and the Annual Report on Directors' Remuneration, all of which are available on the corporate website.

The remuneration of directors for the performance of non-executive duties has a fixed nature. Additionally, the Chairman of the Board of Directors receives remuneration in relation to the executive functions he performs in the company.

The remuneration system is oriented towards promoting the long-term profitability and sustainability of the company and incorporates the necessary safeguards to avoid excessive risk-taking and rewarding unfavourable results.

GOV-3_06 The Board of Directors is responsible for determining the remuneration of each director. To this end, it takes into account the functions and responsibilities attributed to each of them, the membership of Board Committees and other objective circumstances that it considers relevant. In this respect, directors' remuneration should be in reasonable proportion to the importance and economic situation of the company and the market standards of comparable companies.

The Naturgy Directors' Remuneration Policy was approved by the General Shareholders' Meeting of the company, held on 15 March 2022, and is applicable to the same financial year in which it was approved and during the financial years 2023, 2024 and 2025 and establishes a remuneration framework aligned with the principles of Naturgy's Strategic Plan and aimed at promoting the long-term profitability and sustainability of the company. The application and supervision of this policy is the responsibility of the Appointments, Remuneration and Corporate Governance Committee.

Further details on the components of directors' remuneration can be found in the Annual Report on Directors' Remuneration 2024.

GOV-3_02 The variable remuneration of the Executive Chairman has two dimensions:

Annual or short-term variable remuneration

GOV-3_04 The annual variable remuneration of those directors who perform executive functions is associated with the achievement of a combination of pre-set, specific and quantifiable objectives, aligned with Naturgy's social interest and strategy. These objectives, as well as their degree of achievement, are set annually by the Board at the proposal of the Appointments, Remuneration and Corporate Governance Committee. In this regard, the variables of an economic-financial nature, efficiency and profitable growth and other qualitative objectives account for 80% of the total short-term variable remuneration, and further details can be obtained in the Annual Report on Directors' Remuneration 2024 (IARC).

GOV-3_03; GOV-3_05 On the other hand, ESG aspects have a weighting of 20% of total annual variable remuneration, by virtue of four variables: health and safety, gender diversity, environment (emission-free electricity generation capacity), and employee satisfaction index, each with a weighting of 5%. In addition, the indicators budgeted at the beginning of the year are compared with the actual data obtained at the end of the year.

Further details on the components of directors' remuneration can be found in the Annual Report on Directors' Remuneration 2024.

Multi-year or long-term variable remuneration

The multi-year variable remuneration of the executive chairman from 2018 until its review, by resolution of the board of 21 April 2024, has been configured through a long-term incentive (LTI) in which, in addition to the executive chairman, other active executives participate. The main features of the LTI have been reported in the annual remuneration reports of previous years.

Based on the Board resolution of 21 April 2024, the multi-year variable remuneration of the Executive Chairman for the current year is no longer linked to the ILP, but has remained in force for all other executives with a shareholding in the ILP.

Further details of the multi-year variable remuneration scheme can be found in the Annual Report on Directors' Remuneration 2024.

Statement on due diligence (GOV-4) GOV-4_01

Naturgy develops due diligence processes throughout its operations, with the aim of identifying the impacts it may generate on the environment and society, as well as those risks that may have significant impact on its activity. The procedures that Naturgy develops within the framework of due diligence are of a diverse nature, allowing the company to establish preventive or mitigation measures that optimise the management of the impact or risk identified. Furthermore, due diligence applies to all Naturgy's businesses and all the geographies in which it operates.

As a starting point, it is worth mentioning that due diligence is also present in the execution of the corporate sustainability strategy. Thus, Naturgy annually reviews its performance indicators to analyse compliance with the objectives of its Sustainability Plans, which emanate directly from the company's Strategic Plans (see more information in the "Purpose and strategy" section of this chapter). Some of these indicators are directly linked to the variable remuneration of the management bodies, as mentioned in the previous section.

Naturgy collaborates with its stakeholders to ensure that the application of due diligence procedures favours the interests of the different groups. Therefore, Naturgy maintains a continuous dialogue with stakeholders, through tools such as complaint channels or the establishment of committees for specific issues, through which they can express their expectations and concerns to be integrated into the company's sustainable management, starting with the policies that regulate the different ESG issues.

In addition, stakeholders participate in the double materiality assessment in order to identify the material impacts, risks and opportunities related to the operations associated with its value chain. This exercise allows Naturgy to know which aspects of its strategy and business model may be most related to the negative impacts and risks identified, and to be able to take the necessary measures for their correct management. For further details, see the section on 4. Impact, risk and opportunity management in this chapter.

These actions in response to the impacts and risks identified may be specific, and those considered most relevant have been included throughout the chapters of this report, or they may form part of larger procedures, such as, for example:

- The performance of environmental impact studies at the design stage of the facilities to ensure compliance with applicable regulations and to foresee possible future impacts on the environment and society, particularly the groups affected.
- The maintenance of an environmental management system, externally certified according to the ISO 14001 standard, for the control and compliance with environmental requirements, the prevention of environmental accidents and the continuous improvement in the reduction of the company's impacts.
- Regular monitoring by the Compliance area to ensure compliance with Naturgy's internal regulations, applicable to all levels of the company.
- Specific due diligence procedures to ensure compliance with the Global Human Rights Policy (future Global Sustainability Policy), and to identify potential human rights risks.

- The maintenance of an externally audited occupational health and safety management system in accordance with the ISO 45001 standard, which covers all the company's own personnel working in the company's centres, for the development of preventive and/or corrective health and safety measures.
- Due diligence procedures for the analysis of counterparty risks, as well as other supplier assessments, to ensure compliance with applicable legislation and the minimum standards set by Naturgy for the establishment and development of the business relationship.

The following is a mapping of those sections of this Report where the main elements of due diligence mentioned above are located, in line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises:

Essential elements of due diligence	Sections of the Sustainability Report	Pages
Integration of due diligence into governance, strategy and business model	– General disclosures, GOV-2 – General disclosures, GOV-3 – General disclosures, SBM-3	25-26, 26-28, 50-61
Engaging with affected stakeholders at all key stages of due diligence	– General disclosures, GOV-2 – General disclosures, SBM-2 – General disclosures, IRO-1 – General disclosures, Corporate policies (minimum disclosure requirements regarding policies) – Sections S1-2, S2-2, S3-2 y S4-2 (processes of engagement with the different collectives)	25-26, 48-50, 62-64, 9-11, 200-202, 239-240, 254-257, 271-273
Identification and assessment of adverse impacts	– General disclosures, IRO-1 – Chapters E1-E5, G1; IRO-1 – General disclosures, SBM-3 – Chapters E1, E4, S1, S2, S3, S4, G1; SBM-3	62-64, 120-123, 160-161, 162-163, 178-180, 194-195, 289-290 50-61, 109-119,170-177, 196-199, 235-237, 251-253, 266-269
Taking actions to address these adverse impacts	– Sections E1-3, E3-2, E4-3, S1-4, S2-4, S3-4, S4-4, G1-1, G1-3 (minimum disclosure requirements regarding actions) – Sections S1-3, S2-3, S3-3, S4-3 (processes for negative impact remediation and remediation channels)	124-133, 163-164, 182-185; 205-221, 241-248, 259-264, 277-284, 289-295, 302-303 202-204, 240-241, 257-258, 273-277
Monitoring the effectiveness of these efforts and communication	– Chapters E1, E3, E4, S1, S2, S3, S4, G1 (section of metrics and targets and minimum disclosure requirements regarding targets) – Methodological annex (minimum disclosure requirements regarding indicators)	134-141, 164-165,185-188, 222-226, 248-250, 264-265, 284-286

Risk management and internal controls over sustainability reporting (GOV-5)

Sustainability Information Internal Control System (SCIIS) GOV-5_01

In 2023, in order to ensure the reliability of the information on environmental, social and governance aspects, Naturgy has implemented the Sustainability Information Internal Control System (SCIIS), whose objective is to ensure the quality and reliability of the sustainability information reported, as well as the robustness of its reporting process. This implementation was carried out following recommendation 42 of the 'Good Governance Code of Listed Companies' published by the CNMV in June 2020. This Code places the obligations of supervision and evaluation of the preparation process and the requirement of integrity of financial and sustainability information on an equal footing, as well as the risk control and management systems, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of criteria, as well as ensuring, in general, that the policies and systems established in the area of internal control are effectively applied in practice.

The development of the SCIIS has been carried out within the framework of the Corporate Sustainability Reporting Directive (CSRD), which modifies the Non-Financial Reporting Directive (NFRD). Among the main changes that will start to apply from the moment the directive is transposed into Spanish law will be the need for verification of sustainability information under reasonable assurance within the foreseen timeframe. In an exercise of caution, the contents of this Sustainability Report (SR), from the year commencing 1 January 2024, are subject to systematic internal control, supervision and monitoring to guarantee the quality and reliability of the sustainability information.

In view of the appearance of this new regulatory framework, Naturgy's SCIIS is evolving, pending the incorporation of those requirements derived from the forthcoming transposition of the CSRD and the supervision guidelines by the Spanish Institute of Internal Auditors. During 2025, once both reference frameworks are available, Naturgy will carry out a review of the SCIIS for its adaptation.

Additionally, during 2024 several modifications have been carried out, but do not represent a significant evolution with respect to the previous version, although greater clarity has been provided regarding the responsibilities of the different bodies, corporate units and business units, and the different processes of control and preparation of the sustainability information.

In relation to latest version of the SCIIS, it should be noted that the global Financial and Sustainability Reporting Policy, approved by the Board of Directors on 17 September 2024, establishes the general principles and responsibilities in the process of preparation, reporting and control of Naturgy's sustainability information, which is structured according to five differentiated stages:

- **Definition of sustainability information policies and criteria:** criteria are established for reporting sustainability information, homogeneous among the different business functions, and in accordance current legislation. The definition of these criteria is the responsibility of the corporate Environment and Social Responsibility function, which reports to the Sustainability Commission for subsequent approval by the competent body.
- **Preparation of individual sustainability information**: the different business and corporate units collect and certify, on an annual basis, the different relevant events occurring in ESG matters, and establish the first line of control to guarantee the reliability of the information, which will subsequently be consolidated as applicable.
- **Consolidation of sustainability information:** the corporate Environment and Social Responsibility function is responsible for consolidating the sustainability information developed by the different units in order to prepare this Sustainability Report, which is submitted, together with the Consolidated Management Report, to the CNMV after internal approval.
- **Supervision, approval and disclosure of sustainability information:** the corporate Environment and Social Responsibility function prepares the Sustainability Report, the approval of which is proposed to the Board of Directors through the Audit and Control Committee, and which is verified by an external auditor.

- **Monitoring and improvement of internal control systems SCIIS:** The monitoring of sustainability information takes place at three levels.
  - Business and corporate units: annually update, within their scope of action, the sustainability information control processes, and carry out the Annual Internal Certification of the SCIIS model.
  - GOV-5_03 Corporate Environment and Social Responsibility function: informed by each unit of the different annual updates in the SCIIS model, implements and develops controls to mitigate the risks identified in the sustainability reporting.
  - Corporate Internal Audit function: under the framework of the Internal Audit Plan (IAP), it monitors the SCIIS and reports to the Audit and Control Committee on weaknesses detected in the SCIIS.

GOV-5_02 The main role of the SCIIS is to ensure that the information reported is complete, reliable and robust. In this sense, an end-to-end analysis of the metrics to be reported has been carried out based on the double materiality assessment, in order to identify all those processes that could jeopardise the reliability or robustness of the data to be reported.

GOV-5_03 The main risk factors identified are:

- Failure to identify material issues, as well as failure to identify clear objectives, failure to allocate necessary resources or the use of non-accepted methodologies for the assessment of impacts, risks and opportunities.
- Errors in quantitative data resulting from either incorrect calculations, omission of data or lack of appropriate breakdowns.
- Fraud, such as greenwashing or socialwashing.
- Information systems and cybersecurity.
- Regulatory changes.
- Disclosure of Naturgy's confidential information.

In order to mitigate these risks, a series of controls have been established that those responsible for the reporting process must take into account when providing information in a reliable and robust manner. In addition to the implementation of the controls, documents (technical instructions) have been prepared with the process that has been established in order to mitigate the aforementioned risks. In addition to the technical instructions, a series of documents have been drawn up to document the SCIIS, such as the risk and control matrix, the role and control matrix and the SCIIS policy and manual, which document the procedure for internal control and supervision of the group's sustainability information, among others.

Governance in reporting sustainability information GOV-5_04; GOV-5_05

The control processes of the sustainability information that Naturgy reports to the market integrate the different hierarchical levels of the company. At the lower level are the different business and corporate units, which execute the different control processes defined by the corporate Environment and Social Responsibility function.

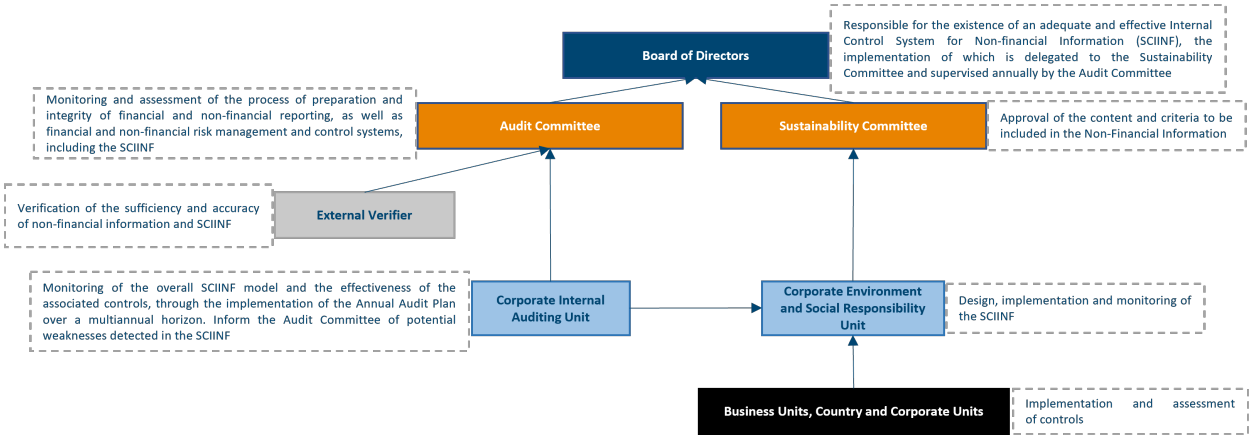
This function is also responsible for supervising the correct implementation of the SCIIS and for preparing the content included in this Sustainability Report, in accordance with scope and reporting criteria defined by the Sustainability Commission and the applicable regulations.

Furthermore, to ensure the integrity of the sustainability information included in the Report, the corporate Internal Audit function supervises the corporate risk management and control systems and, in particular, the SCIIS, reporting any deficiencies detected to the Audit and Control Committee. Ultimately, and in the event of such deficiencies, the Audit and Control Committee will discuss the weaknesses identified with the external auditor and follow up on the corrective action plans that apply.

Finally, following a favourable report from the Audit and Control Committee on the sustainability reporting process, the Board of Directors gives final approval to the Sustainability Report, which is published according to the established timetable and duly submitted to the CNMV.

GOV-5_04 The findings of the risk analysis and the controls in place are audited by a third party on an annual basis. As mentioned above, the Audit and Control Committee will discuss the weaknesses identified with the external auditor and a corrective action plan will be established, where applicable. The Environment and Social Responsibility Area will be responsible for implementing the action plan to address these weaknesses. The Audit and Control Committee is the body in charge of monitoring the implementation of the action plans.

GOV-5_05 In addition, the Internal Audit area will report annually to the Audit and Control Committee on the main conclusions of the SCIIS audit process.



3. Strategy

Strategy, business model and value chain (SBM-1)

Business model SBM-1_25

Naturgy Energy Group, S.A. was founded in 1843 and has its registered office at Avenida de América, number 38, in Madrid. In 2023, the company celebrated 180 years of history providing solutions for the progress of society.

SBM-1_02 Naturgy Energy Group, S.A. and its subsidiaries form a group dedicated to the generation, distribution and commercialisation of energy and services. The company is present in more than 20 countries, operating mainly in Spain, Latin America (Argentina, Brazil, Chile, Mexico and Panama), the United States and Australia. In this regard, there have been no updates on the markets where it operates compared to the previous year. For more information, see the following section, Geographical Presence.

SBM-1_01; SBM-1_02 Naturgy supplies gas and electricity, in regulated and deregulated markets, to almost 16 million customers globally, having consolidated its position as the main gas supplier at national level, as well as having a reference position in the electricity sector. In Spain, it also provides users with energy solutions and services for maintenance or repair. Naturgy's customers are classified into three main groups: Residential, SMEs and Communities of Owners, and Industrial Sector and Companies.

In the electricity generation business, the company has an installed capacity of 17.9 GW and a diversified generation mix.

Naturgy has organised its businesses around two major strategic areas, Distribution Networks, which brings together the regulated businesses, and Energy Markets, which includes all the deregulated businesses, whose structure is based on the operating segments defined below:

- **Distribution Networks**: it groups the business segments dedicated to the management of regulated gas (Spain, Argentina, Brazil, Chile and Mexico) and electricity (Spain, Argentina and Panama) distribution and transmission infrastructures. In the case of the Latin American countries, the supply of energy to customers is regulated and assigned to the gas or electricity distribution activity. This segment includes also a holding company that carries out transversal activities directly linked to the businesses of this group.
- **Energy Markets**: integrates the following liberalised business segments:
  - **Energy Management**: includes, among others, the activity of liquefied natural gas commercialisation, the management of gas infrastructures, and the management of the Medgaz gas pipeline.
  - **Thermal Generation**: includes conventional thermal generation and nuclear generation (not managed by Naturgy) in Spain, and conventional thermal generation of Global Power Generation (GPG) in Latin America (Mexico, Dominican Republic and Puerto Rico, in the latter case through the participation in the company EcoEléctrica LP).
  - **Renewable Generation**: in Spain it includes generation from renewable sources and cogeneration[1]; internationally, GPG's renewable electricity generation in Latin America (Brazil, Chile, Costa Rica, Mexico and Panama) and Australia, and photovoltaic generation in the United States.
  - **Renewable gases**: includes the management of renewable gas projects, specifically biomethane and green hydrogen, as well as sustainable mobility projects.
  - **Commercialisation**: manages the commercial model to end customers for gas, electricity and services in Spain.

  It also includes a holding company that carries out transversal activities directly linked to the businesses of this segment grouping.

[1] In Naturgy's Consolidated Directors' Report at 31 December 2024 and 2023, the cogeneration activity is considered to form part of the Renewable Generation Spain CGU due to the fact that there is a single management unit that manages the cogeneration operations and assets together with the wind, mini-hydro and solar generation businesses. Likewise, the remuneration of cogeneration facilities, as is the case with wind and solar facilities in Spain, is subject to Royal Decree 413/2014, of 6 June, which regulates the activity of electricity production from renewable energy sources, cogeneration and waste.

- **Other**: includes operating expenses of the corporation, and other minor and residual activities.

A highlight of 2024 was the creation of the new renewable gases division. Created to accelerate the development of these gases and thus contribute to the energy transition and the circular economy through carbon-neutral energy generated from organic waste (biomethane) or surplus renewable energy (green hydrogen). In this regard, the gas distribution business promotes the injection of biomethane produced by other companies. In 2024, production capacity and injection into own networks was 0.35 TWh.

More information can be found in the chapter "Situation of the entity" of the Consolidated Directors' Report 2024. In addition, Appendix I of the Annual Consolidated Financial Report provides details of the companies that form part of Naturgy and the activities they carry out.

Main results in 2024

SBM-1_06; SBM-1_09; SBM-1_10 The development of the above activities by Naturgy has allowed it to obtain, in the financial year 2024, a net profit of 1,901 million euros, associated with a Net Turnover (NT) amounting to 19,267 million euros, with the following remarkable results:

- SBM-1_13The INCN associated with non-renewable gas activities, specifically gas distribution, gas commercialization, and thermal generation in combined cycle power plants, has reached 13,535 million euros.
- SBM-1_12 The thermal generation activity in fuel-fired power plants, as well as the distribution and commercialization of petroleum-derived products, specifically liquefied petroleum gas (LPG), has resulted in an INCN of 187 million euros.
- SBM-1_11 Naturgy has continued the dismantling process of the four coal-fired power plants under its management, and therefore, has not generated any revenue associated with this fuel.

Further information can be found in the 2024 Annual Consolidated Financial Report.

SBM-1_14 In addition, Naturgy has carried out an analysis of the eligibility of its activities in accordance with the Taxonomy Regulation, (EU) 2020/852. In this regard, the company has recorded a turnover of 5,217 million euros eligible under the Taxonomy, of which 2,886 million euros are aligned with the criteria set out in the Regulation. Details of the assessment methodologies and the results obtained can be found in the "UE Taxonomy Report UE (Regulation 2020/852) and sustainable financing" chapter of this Report.

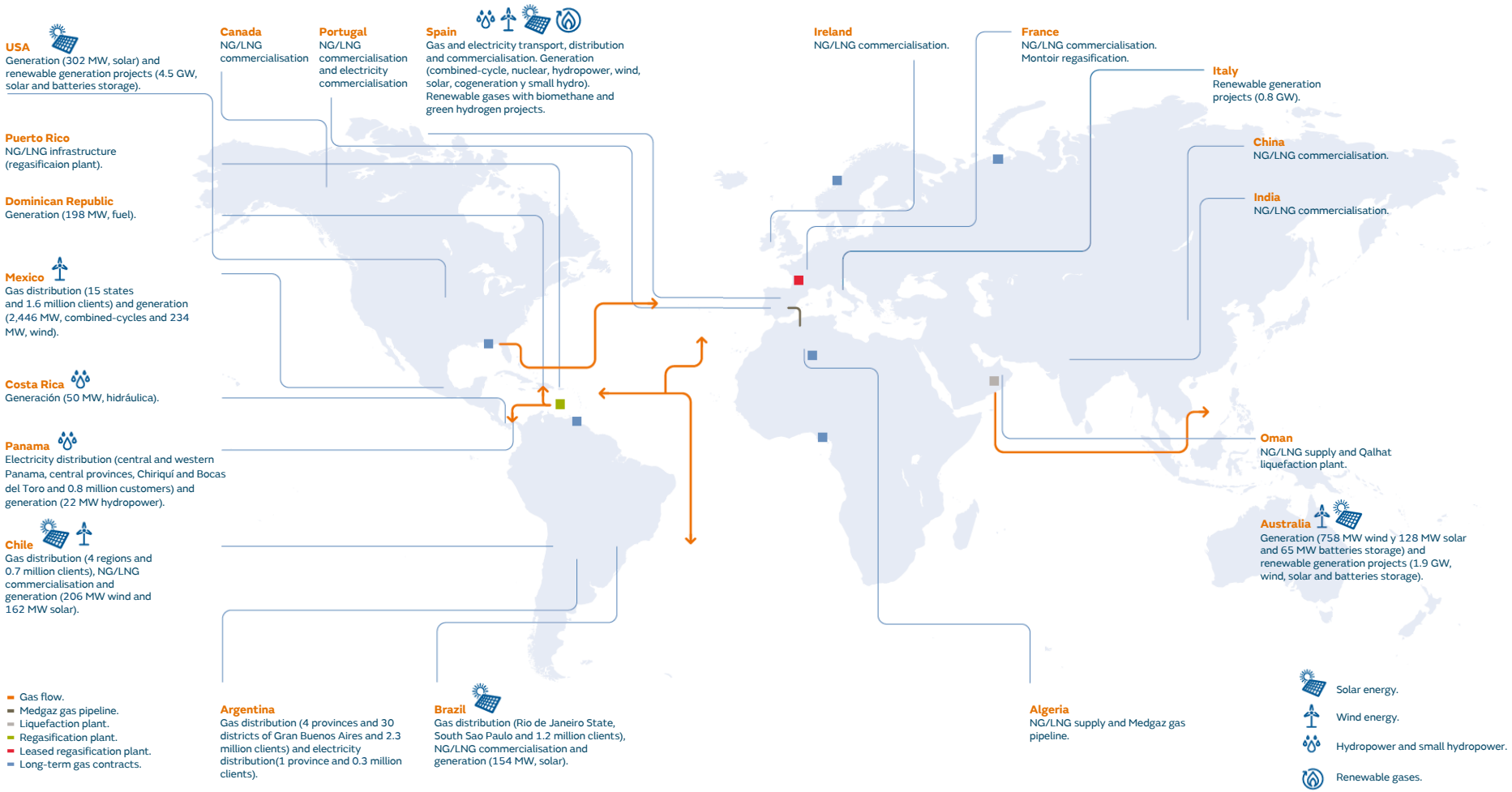
SBM-1_03; SBM-1_04 To ensure the proper development of the activities described above, Naturgy has a multidisciplinary, professional and committed team, which helps to ensure a quality service to all its customers, regardless of geography. As of 31 December 2024, Naturgy's workforce consisted of 6,812 people, with the following geographical distribution:

	2024	2023
Argentina	853	880
Spain	3,891	3,934
Mexico	714	697
Other (1)	1,354	1,372
Total employees	6,812	6,883

(1) Other: considers those countries with less than 50 employees or with more than 50 employees but representing less than 10% of the total number of employees. These countries are: Australia, Brazil, Chile, Costa Rica, Dominican Republic, France, Ireland, Israel, Italy, Luxembourg, Netherlands, Panama, Portugal, Puerto Rico, United States and United States. In 2023, the Netherlands was in this category, in 2024 there are no employees.

For more information, see section "Characteristics of the undertaking's employees", where the characteristics of the company's own workforce are reported. In any case, the figure for Naturgy's workforce at 31 December disclosed in note 25 of the Annual Consolidated Financial Report differs from that shown in the previous table, as well as in the aforementioned section. Note 25 shows the consolidated workforce (6,941 people), while this report shows the workforce actually managed (6,812), the difference between one workforce and the other being the people in Spain of joint operation entities (-141 people) and the people of the coal-fired power plants (+ 12 people).

Geographical presence



Purpose and strategy

In a socio-economic context marked by different parallel crises, geopolitical conflicts, the challenge of climate change and growing inequalities, Transforming together, Naturgy's purpose, defines the direction and future of the company based on four fundamental values: innovate for a better future (Forward Vision), work with excellence (Excellence Driven) from the most human side (People Oriented), and with the ultimate goal of contributing to a more sustainable world (One Planet).

SBM-1_23 With this purpose, Naturgy intends to respond to the main sustainability challenges that it faces in the future:

- As a priority, work on mitigating and adapting to climate change and its consequences on the environment.
- To advance in the energy transition, with the implications associated with the current paradigm of energy generation and distribution, and transform it into a decarbonised and circular economy model, preserving at all times security of supply at affordable prices.
- To guarantee respect for human rights (labour and non-labour) in all areas of operation of Naturgy and its value chain.
- To contribute to local employment and the revival of the economy in regions affected by the closure of thermal power plants, and thus certify a just energy transition.
- To integrate the ESG vision into the different governance processes of the company, including business decision-making, following the recommendations of international frameworks.

To achieve Naturgy's purpose, as well as to face the challenges that lie ahead, the group has implemented a sustainability strategy based on the 2021-2025 Strategic Plan, and endorsed and updated by the 2025-2027 Strategic Plan.

2021-2025 Sustainability Plan

In 2021, Naturgy approved the 2021-2025 Strategic Plan, which was revised in 2023, and which establishes the basis of the business strategy and, by extension, of sustainability. The Plan is based on five pillars: the search for organic growth, the focus on renewables and network activities, the continuous improvement of processes (including especially customer relations), the full integration of Environmental, Social and Governance (ESG) criteria in strategy and management, and the cultural transformation that makes all of the above possible. For its proper implementation, Naturgy projected an investment plan of 13,200 million euros, and specifically approximately 9,900 million euros for the period 2023-2025.

These five pillars translate into the following ESG objectives for the year 2025:

		2025	2024	2020	
Environment	GHG emissions reduction	27%	27%	16%	Reduction of tCO_2eq (scopes 1+2+3)[1]
	Biodiversity	350	368	265	Projects (no.)
Social	Enhancing diversity	40.0	39.6	27.0	Women in managerial positions (%). Spain
	Extending ESG policies in the value chain	95.0	88.3	70.0	Suppliers audited in ASG (%)
Governance	ESG objectives as part of management incentives	20%	20%	3%	ESG-linked variable remuneration
	Climate Change Risk and Taxonomy Reports	100%	90%	Partial	Implementation of TCFD and EU Taxonomy

Note:
[1]. vs. 2017. Scopes 1+2 aligned with 1.5ºC scenario and Scope 3 aligned with WB2D scenario.

Naturgy's business strategy is oriented towards the company playing a key role in providing a realistic and balanced solution to the energy trilemma, so that the company contributes to environmental objectives, ensuring a quality and uninterrupted supply, allowing energy to be offered at affordable prices that favour a fair and efficient transition.

With regard to environmental aspects, an essential part of the strategy is to establish the necessary measures to contribute to the mitigation of climate change and adaptation to its consequences, which could affect the company's assets dedicated to the generation and distribution of electricity and gas.

In this regard, the climate roadmap is determined by the Climate Transition Plan, approved in 2025 and aligned with the Paris Agreement, which sets the goal of Net Zero by 2050 for scopes 1 and 2 globally, as well as for scope 3 in Spain, the country where Naturgy's majority activity takes place.

The main action lines to achieve these goals derive from an integrated electricity and gas business model that promotes the decarbonisation of energy through technological neutrality, at the lowest possible cost for consumers and based mainly on:

- Promoting solar and wind renewable energies in electricity generation together with the necessary growth of electricity grids, relying on the back-up energy provided by natural gas combined cycles that guarantee security of supply.
- Developing renewable gases as a lever for the decarbonisation of natural gas through biomethane produced from organic waste and, in the medium/long term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost for the consumer, the circular economy with the use of waste or surpluses and the economy in rural areas.
- Offering products and services that promote efficiency and are carbon neutral at competitive prices to consumers and end-users.
- Increased electrification of final demand in those uses where it is most efficient.

The Climate Transition Plan is explained in detail in section "Transition plan for climate change mitigation" in chapter “Climate Change”.

Although this strategy will contribute to the mitigation of climate change and therefore to the reduction of one of the main threats to biodiversity conservation, the way to achieve this is largely through the construction of new infrastructures, such as wind farms, photovoltaic plants, renewable gas production plants and electricity grids. These activities can cause negative local impacts, mainly associated with changes in land use due to the occupation of new infrastructures, and the impact on fauna, particularly birds. To address these challenges, the company's management focuses on prevention, integrating the protection of biodiversity and ecosystems into the design of new facilities.

Furthermore, the economic and social changes resulting from the energy transition, whether due to job losses, changes in living conditions due to the development of renewable energies or the rising cost of raw materials such as energy, mean that the solution for tackling climate and nature issues must take people into account. In such a way that change contributes to the creation of shared wealth, which allows for a fair adaptation and does not cause greater inequalities.

In this regard, Naturgy's strategy in the social sphere is based on respect for labour and non-labour human rights. In the particular case of its own staff, one of its main interest groups, the company is committed to promoting the professional development of its workforce, committed in all cases to diversity, inclusion, fair and equitable working conditions, as well as establishing effective health and safety measures to ensure quality working environments, regardless of their responsibility and the place where they perform their duties. The company also extends this commitment to the employees of its business partners, mainly its suppliers.

2021-2025 Sustainability Plan SBM-1_21

From the 2021-2025 Strategic Plan, in force in 2024, comes the Sustainability Plan for the same period, which establishes 70 metrics and targets organised according to six action levers, based on the commitments of the Corporate Responsibility Policy, which Naturgy uses as a scorecard to analyse its annual performance in relation to material environmental, social and governance issues.

Although a significant number of these indicators are aligned with the ESRS, Naturgy has chosen to include additional metrics to ensure a complete and adapted monitoring to its particular business and operation. In any case, the ESG objectives included throughout this Report have been evaluated with respect to this Plan, in force until the approval of the new Strategic Plan, and by extension Sustainability Plan, 2025-2027.

	2025 Target	2024	2023
Driver 1. Integrity and trust			
Sustainable financing and/or financing compatible with energy transitions (green finance, transition bonds...) (million euro)	5,492	6,138	7,983
Meetings held with ESG investors (number)	50	23	17
ESG risk (RepRisk) [1]	BBB	BBB	BB
Cost of resolving cybersecurity incidents (direct, indirect and reputational cost) (€) / IT disbursement (%)	0.3	0.0	0.0
Cybersecurity incidents / Millions of attacks (%)	4.74	0.72	3.20
Naturgy Energy Group BitSight International Index	790	780	780
Coverage level of ESG audits over purchase volume with high ESG risk (%)[6]	95.0	88.3	84.4
Purchase volume with acceptance of the Code of Ethics (%)[6]	95.0	95.6	96.4
Implementation of the Social Media Management and Use Guidelines	Implanted	Implanted	Implanted
Maintain and renew ISO37001 and UNE19601 Certification (anti-bribery and criminal compliance management)	Renew	Yes	Yes
Criminal indictments for corruption-related offences (number)	0	0	0
Annual external audit of the Crime Prevention Model in accordance with article 31 bis of the Criminal Code	Favourable outcome in all subject countries	Favourable outcome in all subject countries	Favourable outcome in all subject countries
Counterparties assessed on the basis of ESG risk (number) [2]	100	100	100
Non-financial indicators with qualifications (number)	0	0	0
Publish the Tax Transparency Report	Publish the Tax Transparency Report	In progress	In progress

	2025 Target	2024	2023
Degree of compliance with the new recommendations of the CNMV' Good Governance Code (%)	Absorb all modifications to the CNMV's recommendations that may arise and undertake to comply with any others that are not related to the composition of the shareholding structure and the right to proportional representation, or related to previously acquired commitments	83	81
Adaptation of ICSNFI to ESRS requirements [1]	ICSNFI adapted to ESRS	ICSNFI adapted to Law 11/2018, GRI and SASB	ICSNFI adapted to Law 11/2018, GRI and SASB
Adaptation of reporting to ESRS requirements [1]	SR adapted to ESRS	SR adapted to ESRS	Requirement analysis initiated
Driver 2. The opportunity of environmental challenges			
Absolute GHG emissions Scope 1 and Scope 2 (million tCO_2eq) [2][6]	11.0	11.9	12.9
Absolute GHG emissions Scope 3 (million tCO_2eq) [2][6]	109.4	107.5	101.7
CO_2 intensity in electricity generation (tCO_2/GWh) [2][6]	199	234	247
Installed capacity from renewable sources (%) [2][6]	48	40	37
Capacity free of emissions (%) [1]	51	44	41
Renewable gases (TWh) [2][6]	0.52	0.35	0.30
Water consumption (hm^3) [2][6]	14.7	16.5	17.0
Intensity of water consumption in generation (hm3/TWh) [1][6]	0.31	0.39	0.39
Waste produced (kt)[6]	110	106	115
Recycled or recovered waste (%) [2][6]	93.3	92.3	95.4
Atmospheric emissions SO_2 (kt) [1][6]	0.89	0.69	0.68
Atmospheric emissions NOx (kt) [1][6]	8.82	7.56	8.18
Initiatives to improve biodiversity (number)[6]	350	368	353
TNFD recommendations [3] implementation at corporate level (%) [1][6]	100	60 %	25
Activity with ISO 14001 environmental certification (% Ebitda) [4]	95.0	96.8	97.2
Calculation of physical climate and energy transition risks at corporate level (50%) and at business unit level (100%) (%)	100	90	75
Eligible Capex according to European Taxonomy (%)	80	75	79
Driver 3. Customer experience			
Net Promoter Score (NPS) Spain commercialisation (global) (%) [2]	45.0	29.7	27.0
Net Promoter Score (NPS) Argentina BAN (global) (%) [2]	57.5	59.2	57.4
Net Promoter Score (NPS) Argentina Noa(global) (%) [1]	pending	63.1	64.1
Net Promoter Score (NPS) Brazil (global) (%) [2]	60.0	59.7	58.7
Net Promoter Score (NPS) Chile Metrogas (global) (%)	65.0	58.0	68.0

	2025 Target	2024	2023
Net Promoter Score (NPS) Mexico (global) (%) [2]	46.0	79.0	73.0
Net Promoter Score (NPS) Panama (customer service) (%) [2]	20.0	-27.0	7.0
Global satisfaction with service quality (1-10) [2][6]	8.5	7.9	8.0
No. of complaints registered / No. of contacts (%) [2][6]	4.05	3.33	4.57
Customers with online billing (%) [1]	60.0	52.8	31.2
Interaction with digital channels. Spain (%) [1]	53.0	47.8	47.6
Interaction with digital channels. Latin America (%) [1]	50.0	58.4	31.1
Installed Photovoltaic self-consumption capacity. Spain (MW) [1][5]	308	102	73
Photovoltaic self-consumption facilities. Spain (number) [1][5]	29,889	7,749	2,779
Energy sold with renewable GoO. Spain (GWh) [1]	11,724	7,796	10,490
Volume of offset emissions. Spain (ktCO_2eq)[1]	420	342	444
Driver 4. Commitment and talent			
People trained out of the total number of employees included in talent transformation programmes (%)[6]	75.0	86.4	81.7
Training per employee (hours)[6]	>35,0	46.0	41.5
Women in executive positions. Spain (%)[7]	40.0	39.6	36.1
Diversity of skills (out of total) (%)	2.5	1.7	1.6
Staff under 30 years of age (%)[6]	10	7	6
Promoter employees (%)[6]	40	54	49
Lost time accidents severity rate for own workforce (per 1,000,000 hours worked)[6]	0.60	0.89	0.66
Lost time accidents frequency rate for own workforce (per 1,000,000 hours worked)[6]	30.75	32.00	28.10
Absenteeism rate due to common contingency(%)[6]	≤3,0	2.20	1.83
Driver 5. Innovation and new business development			
Energy billed for mobility services (GWh)	1,377	695	793
Managed recharging points for NG-LNG vehicles (number)	19	13	13
Storage capacity. Spain (MWh) [1]	240	0	0
Storage power. Spain (MW) [1]	120	0	0
Signals remotely monitored / MW installed renewable technologies (number)	240.00	154.00	175.54
ICEIT. Spain (minutes)	36.4	32.6	30.7
Investment in innovation over Ebitda (%)	>2	1.83	1.54
Opex innovation and technological innovation Totex (million euro) [1]	249	182	85
Driver 6. Social responsibility			
Attendees at energy efficiency workshops in Spain (number)	7,900	4,649	4,134
Energy rehabilitations. Spain (number)	>5.000	5,194	4,435
Volunteers (number)	1,000	1,218	908
Collaborating social entities (number)	20	45	47
Initiatives with impact assessment (%)	100	75	50

	2025 Target	2024	2023
Social investment in the local community (million euro)	>8	10	11
Purchase volume assigned to local suppliers (%)	> 85,0	90.5	89.9

(1) New objectives introduced in 2023 in the revision of the Strategic Plan to 2025.

(2) Targets revised in 2023 in the revision of the Strategic Plan to 2025.

(3) Task Force on Nature Related Financial Disclosures (TNFD).

(4) Percentage of certified EBITDA. The EBITDA used to calculate this percentage corresponds to the end of November.

(5) Includes social investment in the local community and philanthropic investment. It is estimated that when a methodology for assessing social impact is available, these figures will vary and definitive targets will be established.

(6) Target associated with an ESG impact, risk or opportunity.

(7) One woman was included in the 'Senior Management' category in the 2023 Report, therefore there is a variation compared to the previously published data.

SBM-1_21 Naturgy implements these strategic pillars, and associated objectives, in all the markets where it operates, and works to promote economic and social growth in these geographies. With the aim of contributing to the energy transition, and in line with the 2021-2025 Strategic Plan, the company is committed to investing in geographies with low-risk currencies and a stable regulatory framework that provides legal certainty when undertaking long-term investment projects with a reasonable financial return.

SBM-1_22 Given the nature of Naturgy's activity, the main objectives in relation to the products and services offered by the company are those that assess greenhouse gas emissions, since they determine the climate impact generated during the generation, distribution and consumption of energy. Thus, Naturgy has set itself the 2025 target of reducing its Scope 1 and 2 emissions, together, to 11.0 $MtCO_2eq$, having recorded 11.9 $MtCO_2eq$ in the current financial year. The ambition was also set to reduce scope 3 emissions to a value of 109.4 $MtCO_2eq$, and 107.5 $MtCO_2eq$ were generated this year. Both indicators are on track to meet the 2025 target.

Another noteworthy objective in relation to Naturgy's portfolio is the forecast to increase the installed capacity of renewable origin to reach 48% in 2025. At year-end, this percentage rises to 40, with licensing deadlines being the main obstacle to meeting the target.

Additionally, Naturgy develops its own initiatives such as the production of renewable gases, to be subsequently injected into the natural gas distribution network. In this regard, the 2021-2025 Sustainability Plan includes reaching a production and injection of renewable gas of 0.52 TWh in 2025, having reached 0.35 TWh this year, thus promoting the circular economy and climate change mitigation.

In relation to the evolution of other objectives, the decrease in the sustainable financing indicator is noteworthy, which is explained by the elimination of KPIs linked to sustainability in the refinancing processes for existing operations.

On the other hand, the decrease in the indicator of electricity sold with renewable Guarantees of Origin (GdO) in Spain is noteworthy, due to the fact that in 2024 only renewable GdO were purchased, whereas in 2023 it also included high-efficiency cogeneration GdO.

Lastly, the NPS indicator in the Panama business closed the year in negative values, well below the previous year's figure. This decline is partly due to changes in the political environment resulting from regulatory and tariff changes that had a negative impact on customer perception of the service provided by the company.

Strategic Plan 2025-2027

At the time of publication of this Sustainability Report 2024, Naturgy concludes the 2021-2025 Strategic Plan and has established the objectives of the new 2025-2027 Plan, which was approved at the Board meeting of 18 February 2025. In this way, Naturgy updates the ambitions presented in the previous Sustainability Plan, aligns its strategy with international benchmark initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) and the Task Force on Nature-related Financial Disclosures (TNFD), and prepares for the adoption of the new regulatory framework derived from the CSRD.

In these terms, Naturgy maintains its vision of the future challenges to be faced, as well as the main action lines to be developed in the medium-term, in order to achieve the Net Zero objectives set out in the aforementioned Climate Transition Plan and thus advance in the sustainable, just and competitive energy transition.

Sustainability Plan 2025-2027

The publication of the Strategic Plan in 2025 comes with the approval of a new Sustainability Plan for the period 2025-2027. The new metrics are based on the new reporting framework established by the ESRS, although other specific Naturgy indicators from the previous Sustainability Plan, considered significant for an adequate monitoring of the company's performance in sustainability matters, have been maintained.

As an additional note, the ESG targets included throughout this Report are shown, on the one hand, according to the previous Sustainability Plan to compare the achievement of results in 2024 and, on the other hand, according to the new Sustainability Plan to 2027 to give prospective visibility on material issues, with the exception of the interim emission reduction targets set out in the Climate Transition Plan for 2030. With the exception that in the case of GHG emission targets, the Climate Transition Plan has also set intermediate targets to 2030 (for more information, see section "Transition plan for climate change mitigation" in the "Climate Change" chapter).

- ### Indicators of the Sustainability Plan 2025-2027

	Base year	Target 2027	Baseline value
ESRS 1 - Climate Change			
Installed capacity from renewable sources (%)	2022	47	34
Capacity free of emissions (%)	2022	50	37
Renewable gas injection capacity. Spain (TWh)	Not applicable	1.60	Not applicable
Absolute GHG emissions Scope 1 (million tCO_2eq)	2022	10	15
Absolute GHG emissions Scope 2 (million tCO_2eq)	2022	0.4	0.4
Absolute GHG emissions Scope 3 (million tCO_2eq)	2022	103.4	110.1
CO_2 intensity in electricity generation (tCO_2/GWh)	2022	184.0	279.3
Eligible installations according to taxonomy with material physical risks with climate change adaptation measures (%)	Not applicable	100	Not applicable
ESRS E2 - Pollution			
Air pollution value chain[(1)]	Not applicable	Phase-in provisions	Not applicable
Water pollution value chain[(1)]	Not applicable	Phase-in provisions	Not applicable
ESRS E3 - Water and marine resources			
Total water consumption (m3)	2022	17	19
ESRS E4 - Biodiversity and ecosystems			
Initiatives to improve biodiversity (number)	2022	375	345
Activity with ISO 14001 environmental certification (% Ebitda)	2022	98.5	97.9

ESRS E5 - Resource use and circular economy			
Resource inputs, including resource utilization, in the value chain[1]	Not applicable	Phase-in provisions	Not applicable
Waste in the value chain[1]	Not applicable	Phase-in provisions	Not applicable
ESRS S1 - Own Workforce			
Lost time accidents severity rate for own workforce (per 1,000,000 hours worked)[2]	2022	<0.6	0.6
Lost time accidents frequency rate for own workforce (per 1,000,000 hours worked)[2]	2022	<30.75	28.3
Absenteeism due to temporary incapacity (%)	2022	<3	2.6
Promoter employees (annual average %)	2022	>51.3	33.3
Employees with disabilities. Spain	2022	>2.5	1.6
Women in the workforce (%)	2022	>37	33.2
Women in executive positions. (%) [3]	2022	40	32.7
Training per employee (hours)	2022	55	35.9
ESRS S2 - Workers in the value chain			
Lost time accidents frequency rate for suppliers and contractors (per 1,000,000 hours worked)[2]	2022	< 1.75	1.55
Coverage level of ESG audits over purchase volume with high ESG risk (%)	2022	95	82.7
Purchase volume with acceptance of the Code of Ethics (%)	2022	96	95.4
ESRS S3 - Affected communities			
Total social investment (million euro)	2022	15	11
ESRS S4 - Consumers and end-users			
Global satisfaction with service quality (1-10)	2022	8.7	7.6
No. of complaints registered / No. of contacts (%)	2022	3.59	4.80
ESRS G1 - Business conduct			
Employee training in compliance	Not applicable	At least one training per year	Not applicable
Entity-specific information			
Naturgy Energy Group BitSight International Index	2022	800	730
Open innovation and technological innovation Totex (million euro)	2022	196	75

(1) Not material subtopic for own operations. Therefore, Naturgy uses the transitional provision to define a target.

(2) In 2022, the published value was calculated per 200,000 hours worked (OSHA criterion), but in this report, it is expressed per 1,000,000 hours worked.

(3) The figure reported differs from that published in 2022 due to a change in the calculation methodology in 2024.

A base year of 2022 has been set for all metrics, taking as a reference the ESRS Climate Change Standard, in particular for GHG emissions.

As indicated in the previous section, as a result of the preparation of the new Strategic Plan, it has been decided to conclude the 2021-2025 Sustainability Plan, which is why the results for 2024 are compared with the objectives of that plan and it is considered the end year. From 2025, in line with the new 2025-2027 Strategic Plan, the new Sustainability Plan for the period 2025-2027 is implemented, establishing objectives aligned with this new strategy. Consequently, the objectives set for 2025 in the previous 2021-2025 Sustainability Plan are no longer in effect, being replaced by the new Plan.

Compared to the previous Sustainability Plan, it can be seen that:

- Climate change continues to play a leading role in Naturgy's sustainability strategy, with the quantification of greenhouse gas (GHG) emissions being one of the company's priorities. In terms of products and services, the target values for installed capacity from renewable sources, as well as the production and distribution of renewable gases, have also been updated.
- Regarding its own employees, Naturgy consolidates its commitment to contribute to providing adequate working conditions by updating its health and safety objectives, and promoting equal treatment and opportunities for all through training and diversity goals, among others.
- Naturgy has increased its investment target in the community, thus renewing its ambition to generate a positive impact on society through direct and indirect aid.
- The company remains committed to ensuring excellence in its customer service, and therefore proposes a more demanding target in terms of user satisfaction, and continues to monitor its performance in terms of the number of complaints filed by users.
- The incorporation of metrics relating to issues that are material only in the scope of activities upstream or downstream of the value chain is envisaged, however, the target to be achieved will be defined in future exercises, with the company availing itself of the transitional provision relating to the omission of information relating to the value chain.

More information about the Strategic Plan 2025-2027 can be found on the corporate website (https://www.naturgy.com/inicio).

Naturgy and its value chain SBM-1_28

Naturgy is a company dedicated to the generation, distribution and commercialisation of energy and energy services and to carry them out it does this through a wide variety of activities, and involves different types of actors.

The complete flow of activity is composed of three stages:

- **Own operations**: this is the set of activities carried out by Naturgy, mainly in the areas of electricity and gas generation and distribution.
- **Upstream activities**: this essentially corresponds to the stage of supplying raw materials for the generation stage; they take place prior to the actual operations.
- **Downstream activities**: these are all those actions that are fundamentally related to the commercialisation of the company's products and services; they take place after the company's own operations.

Upstream and downstream activities are part of Naturgy's value chain and are essential for the correct functioning of the group's operations.

SBM-1_27 Throughout the value chain, Naturgy's business model is differentiated by being a leader in the gas sector and a benchmark in the electricity sector, in both cases guaranteeing the continuity of supply, an essential aspect for providing a quality service and for the fulfilment of the company's social function; providing a wide range of value-added services, through sustainable innovation as a driver of development with the ultimate aim of guaranteeing the well-being of people, the progress of companies and society, as well as the sustainability of the planet.

The mission of Naturgy, in relation to its own operations, includes meeting the needs of its shareholders by offering them growing and sustainable profitability. This takes the form of attractive remuneration that compensates for interest rates and inflation. According to Naturgy communicated to the market in July 2023, this remuneration was set for the period 2023-2025 at 1.40€/share, subject to the maintenance of a BBB credit rating by S&P. Further information can be found in chapter ‘6. Foreseeable developments of the Group’ of the 2024 Consolidated Directors' Report.

Own operations

Naturgy's own operations are basically organised into three types:

- Generation and distribution of electricity.
- Renewable gas production and gas distribution.
- Energy management.

Electricity generation and distribution

From the fuels acquired, Naturgy produces electricity that it subsequently distributes to companies and individuals, being the third largest operator in the Spanish electricity market, and with an international presence, particularly in Latin America. The generation activity is based on various technologies:

Thermal generation

Naturgy has a total of 10.68 GW of thermal electricity generation capacity, from different combined cycle, nuclear and fuel oil plants, mainly in Spain and Latin America. It should also be noted that Naturgy abandoned in June 2020 the activity of coal generation.

In the field of nuclear generation, Naturgy has stakes in the Almaraz and Trillo nuclear power plants, with 11.29% in Almaraz and 34.50% in Trillo. In November 1999, the companies owning both plants set up the Almaraz and Trillo Nuclear Power Plants formed an Economic Interest Grouping (CNAT by its Spanish acronym), with the aim of managing, operating and administering both facilities in an integrated manner, while maintaining their ownership stakes unchanged. Given its percentage shareholding, Naturgy has no direct responsibility for operational management, although it proportionally consolidates electricity generation within its operating figures. However, for the purposes of reporting under the European Sustainability Reporting Standards (ESRS), and not having operational control, these facilities are considered within the value chain of the company.

Renewable generation

Naturgy counts, at present, with a total capacity of 7.25 GW of electricity generation through renewable sources, though its hydro, solar, wind and cogeneration[2] plants, with a special presence in Spain, Australia, the United States and Latin America.

[2] In Naturgy's Consolidated Directors' Report at 31 December 2024 and 2023, the cogeneration activity is considered to form part of the Renewable Generation Spain CGU due to the fact that there is a single management unit that manages the cogeneration operations and assets together with the wind, mini-hydro and solar generation businesses. Likewise, the remuneration of cogeneration facilities, as is the case with wind and solar facilities in Spain, is subject to Royal Decree 413/2014, of 6 June, which regulates the activity of electricity production from renewable energy sources, cogeneration and waste.

Electricity distribution

Naturgy, throughout its 4.9 million supply points located across 157,165 km of network, distributes electricity in three principal markets: Spain, Panama and Argentina. In the first case, Naturgy is the third largest operator in the country with more than 3.9 million customers. In Latin American countries, it has overcome one million customers.

Renewable gas production and gas distribution

Naturgy has, at the present, an installed capacity of 3.5 MW of biomethane production in its own plants, which has allowed an annual generation of 1,201 MWh. In addition, the total injection capacity of own and third party biomethane into the gas distribution network is 0.35 TWh. In addition, Naturgy is in the process of developing research programmes to promote the production of green hydrogen, especially in those transition nodes located in regions affected by the closure of thermal power plants. For more information, see section "Actions and resources in relation to climate change policies" of this Report.

However, Naturgy carries out its main operation in the gas market through its distribution networks. In this sense, it has 11.1 million supply points and 137,567 km of network, being the leading company in Spain and in those regions of Latin America where it has a concession.

Energy management

This operating segment of the company, which is transversal to the two previous activities, encompasses the commercialisation of LNG and its transport by sea, the management of the Medgaz gas pipeline, as well as the management of gas supply and marketing to large energy-intensive consumers.

Upstream activities

The upstream activities of the company's value chain consist mainly of the supply of fuels and raw materials that will subsequently be used for electricity generation or the distribution of natural gas or biomethane to end customers.

SBM-1_26 The main raw materials purchased by the company are as follows:

- **Natural gas**: Naturgy has a diversified and flexible portfolio of 21 bcm through supply contracts, with review mechanisms in the event of price misalignment, which has turned Naturgy into a global operator with an important international profile.

  Naturgy has supply contracts with suppliers around the world, both in gaseous form (NG) and in the form of liquefied natural gas (LNG).

  Diversified sources of supply are accompanied by an integrated gas infrastructure aimed at providing business stability, operational flexibility, and enabling gas to be transported to the best business opportunities. This supply infrastructure consists of:
  - Seven LNG carriers with a 1.16 Mm^3 capacity.
  - 24.5% stake in the Medgaz gas pipeline.
  - Participation in the Ecoeléctrica regasification plant and the Qalhat liquefaction plant.
  - Leased storage capacity of 0.8 bcm.
- **Organic waste**: from the waste generated by the livestock and agri-food sector, mainly in Spain, as well as organic waste, wastewater and other industrial organic waste, the company obtains the raw material necessary for the generation of biomethane, a renewable alternative to fossil-based natural gas.
- **Fuel**: Naturgy imports fuel oil, which is then used in the generation plant in the Dominican Republic.
- **Water**: Naturgy uses this resource mainly for power generation in combined-cycle power stations, which have water management plans certified under the ISO 14001 standard. It should also be noted that most of the total water captured is returned to the environment.

- **Other materials, products and services**: In addition to the supplies necessary to provide natural gas and generate electricity, the company purchases various equipment necessary for operations and contracts for services.

Downstream activities

Downstream of Naturgy's value chain are the activities related to the commercialisation of gas, electricity and services to end customers and customer service.

In Spain, Naturgy markets energy and services through four marketers:

Deregulated Market	Residential, Communities of Owners and Businesses	Naturgy Iberia S.A. Naturgy Clientes S.A.U.
	Industrial	Gas Natural Comercializadora S.A.
Regulated Market	Residential, Communities of Owners and Businesses	Comercializadora Regulada Gas & Power S.A.

In this sense, Naturgy has marketed a total of 248.6 TWh of gas to more than 5.3 million customers in Spain, as well as a value of 20.6 TWh of electricity in that country for 3.9 million customers. Thus, Naturgy is positioned as a leading company in the sale of gas at national level and a reference in the electricity sector.

In Latin America, Naturgy markets and distributes gas to 5.7 million customers in Argentina, Brazil, Chile and Mexico and is present in five of the main cities in these countries. In relation to the distribution and marketing of electricity, Naturgy provides service in Argentina and Panama to 1.0 million customers.

SBM-1_27 Naturgy is firmly committed to favouring a quality customer experience, through a competitive and affordable commercial offer adapted to the needs of each consumer, and guaranteeing a personalised service based on agile and digital solutions that maximise self-service, through which Naturgy takes into account their interests, complaints and opinions. More information can be found in the section "Processes to remediate negative impacts and channels for consumers and end-users to raise concerns" of this Report.

Interests and views of stakeholders (SBM-2)

SBM-2_01 Stakeholder engagement

The development of Naturgy's business activity generates an impact on people, both positive and negative, whose correct management is essential to avoid or mitigate the possible damage that the company may generate, as well as to favour the various opportunities arising from its activity.

Naturgy understands that the way to advance in its strategy and achieve the above purpose is through collaboration with its different stakeholders. For this reason, the company systematically includes their vision in its decision-making process, through the establishment of two-way relationships and outreach channels. Thus, establishing trusting relationships based on transparency and the creation of shared value is key to the development of competitive advantages for Naturgy and to contributing to the development of the communities in which it operates.

SBM-2_02; SBM-2_03 As part of its strategy, Naturgy periodically reviews the identification and prioritisation of the company's main stakeholders. As a result of this exercise, Naturgy has currently defined the following priority stakeholders, with whom it carries out different relationship activities through different communication and outreach channels adapted to their characteristics and needs. The main stakeholders for Naturgy are as follows:

- Shareholders and investors.
- Affected communities.
- Consumers and end-users.
- Own workforce.
- Suppliers.
- Society.
- Associative entities.
- Business partners.
- Analysts.
- Market agents.
- Public administrations.
- Regulatory bodies.
- Funding groups.
- Insurance and reinsurance agencies.

SBM-2_04 The company's interaction with its stakeholders is approached differently depending on each group. In this regard, Naturgy carries out different direct dialogue initiatives, through outreach or consultation measures (continuous, periodic or specific), or indirectly, through the correct application of internal regulations or the development of mechanisms to integrate the views of society into the company's day-to-day business. Naturgy also has different channels for collecting the concerns and expectations of stakeholders, such as the telephone channel, e-mail and through social networks or the corporate website.

As an additional support to the company's collaboration exercise, in 1992 the Naturgy Foundation was set up, a non-profit organisation that carries out different projects to disseminate, educate, inform and raise awareness among the general public on matters related to energy, the environment and social action.

SBM-2_06 Stakeholders' expectations are duly collected and analysed, and are taken into account transversally in the company's strategy. On the one hand, knowing the impact that Naturgy may have on the different groups allows the definition of appropriate action plans to mitigate the potential negative effects that may arise. In addition, knowledge of market trends determines Naturgy's long-term roadmap, in line with its own ambitions to deepen the transformation of the sector. This Sustainability Report has been elaborated in view of these purposes and the perspectives of stakeholders.

SBM-2_07 To reflect the above aspects, Naturgy has carried out a double materiality assessment, in which it has integrated the results of the participation of stakeholders, as set out in the section "Description of the processes to determine and assess material impacts, risks and opportunities" of this chapter. The involvement of stakeholders in this exercise allows the company to know their opinions and concerns, especially about those aspects of Naturgy's strategy and business model that may potentially affect them.

SBM-2_05 In conclusion, Naturgy establishes a close relationship with its stakeholders with the aim of building trusting, stable, solid and mutually beneficial relationships with them, facilitating their involvement in its day-to-day operations, as well as addressing the impacts, risks and opportunities that its activity presents for them. This commitment is embodied in the Global Sustainability Policy, which establishes the common framework for action that guides the company's socially responsible behaviour, includes commitments to its different stakeholders and assumes the obligation to establish channels of dialogue. In addition, this Policy inspires the actions of third parties in the development of the activities they provide to the company.

Stakeholder governance

SBM-2_12 Stakeholder management depends functionally on Naturgy's Public Affairs and Sustainability Department, which reports directly to the company's chief executive. The Sustainability Commission and the Board of Directors are periodically informed about the operation of these outreach and relationship channels with stakeholders, as well as the results of the consultations raised and any notification from them.

Likewise, during 2024, Naturgy's directors have been informed about aspects such as employee and customer satisfaction levels, indicators of the level of attraction and commitment of employees, queries and communications received through corporate channels, especially the Code of Ethics.

It is also important to note that the Sustainability Commission has approved the double materiality assessment in ESG matters, as well as its final results. As mentioned above, the process of determining impacts, risks and opportunities integrates the opinions of stakeholders, which helps the governing bodies to be aware of their perspectives on sustainability issues.

SBM-2_08; SBM-2_09 As a result of this analysis and the ongoing relationship with stakeholders, improvement plans, actions or mitigation measures are carried out at the operational level to respond to their concerns (described throughout this Report) and, at the global level, they are taken into account in the preparation of the company's Strategic Plan and its updates, through the Sustainability Plans.

SBM-2_10; SBM-2_11 In particular, on 18 February 2025, the new 2025-2027 Strategic Plan was approved, which determines Naturgy's roadmap for the coming years, and reinforces the commitments made in the previous Plan, thus providing continuity to its responsibilities with stakeholders.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

Naturgy has carried out a double materiality assessment to identify those sustainability impacts, risks and opportunities that are related to its strategy and business model, and are derived from the activity of its own operations or its value chain.

SBM-3_11; SBM-3_12 During the execution of the double materiality assessment, the 37 subtopics defined by the European Sustainability Reporting Standards (ESRS), and 2 additional subtopics considered to be specific to the entity (innovation and cybersecurity) have been assessed. As a result, Naturgy has identified a total of 26 material subtopics, 9 of which are considered to be of particular relevance for the company, and material from both the impact and financial perspective:

- Energy.
- Mitigation of change.
- Adaptation to climate change.
- Impacts on species status.
- Resource inputs, including resource utilisation.
- Information-related impacts for consumers and/or end users.
- Corporate culture.
- Corruption and bribery.
- Cybersecurity.

Associated with the different sub-topics, Naturgy has identified 53 impacts (impact materiality), 12 risks and 13 opportunities (financial materiality).

In 2023, a list of impacts, risks and opportunities was not disclosed, although a materiality assessment was performed, where ten relevant environmental, social, governance and financial issues were identified.

SBM-3_01; SBM-3_02The following tables describe the impacts, risks and opportunities considered material, grouped by the ESG topics and subtopics defined by the ESRS, as well as those that are specific to the company (categorised as "Other"). They contain the following information:

- SBM-3_07 The stage where the impact, risk or opportunity occurs, that is, own operations, upstream, downstream or the entire value chain. Additionally, the business (electricity or gas) to which it is related is indicated, thus providing greater detail on its relationship with Naturgy's business model.
- SBM-3_06 The time horizon in which the impact, risk or opportunity is expected to materialise, that is, at present, or in the short, medium or long term, which have been defined in section "Information in relation to specific circumstances" of this chapter.

SBM-3_03 In addition, throughout the different chapters of this Report, the effects that these impacts, risks and opportunities, both current and in the different time horizons analysed, have or may have on Naturgy's strategy, business model, decision-making or value chain are detailed, as well as the different initiatives that the company carries out to manage them appropriately.

SBM-3_04; SBM-3_05 In the particular case of material impacts, the information gathered in the different chapters includes how these relate to Naturgy's strategy, and the benefit or detriment, as applicable, that they may generate on the environment and people.

SBM-3_08; SBM-3_09 The double materiality assessment performed by Naturgy does not identify significant impacts or risks in the short-term, and therefore does not induce an impact in terms of situation, financial performance and cash flows and considers that there is no significant risk of a material adjustment in the next financial year to the carrying amounts of the assets and liabilities recognised in the corresponding financial statements.

On the other hand, regarding the disclosure of expected financial effects for sustainability risks and opportunities, Naturgy makes use of the transitional provision contained in ESRS 1, appendix C.

In any case, see also note 2.4.25 k “Climate change and Paris Agreement” of the 2024 Annual Consolidated Financial Report, which details the analysis performed on the effects of climate change on the financial statements in the year.

SBM-3_10 At the end of this section, Naturgy's analysis of the resilience of its strategy and business model with respect to material impacts, risks and opportunities, including the assumptions used and the results obtained, has been reported.

▪ Environment

		Value chain (2)(3)	Business (4)	Time horizon (5)
CLIMATE CHANGE				
Climate change adaptation				
P.I.(1)	Adaptation to the effects of possible droughts derived from climate change through the regulatory capacity of the reservoirs associated to hydroelectric power stations, which provide protection against floods due to intense rains and droughts mitigation	OO	Electricity	Current
R	Damage to facilities, loss of production, and/or prolonged interruption of power generation and distribution businesses due to extreme winds, tropical cyclones, floods, extreme rainfall, and fires.	VC	Both	Short-term
Climate change mitigation				

N.I.	Impact on climate change due to direct GHG emissions (scope 1).	OO	Both	Current
	Impact on climate change due to indirect GHG emissions associated to energy (scope 2).	OO	Electricity	Current
	Impact on climate change due to indirect GHG emissions (scope 3).	VC	Gas	Current
R	Displacement of natural gas due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	VC	Both	Short-term
	Litigation and sanctions related to an alleged liability of the company or sector in relation to the effects of climate change.	VC	Both	Short-term
Energy				
N.I.	Impact due to the depletion of fossil fuels (natural gas and, to a lesser extent, petroleum derivatives).	VC	Both	Current
P.I.	Contribution to the energy transition and the decarbonisation of the economy by replacing fossil energies with renewable energies (wind, solar, biomethane, hydrogen).	OO	Both	Current
O	Regulatory impulse of the development of biomethane and green hydrogen as an energy vector for storage and blending in gas networks in order to guarantee their sustainability in a decarbonised future.	VC	Gas	Medium-term
	Regulatory impulse of the development of renewable electricity generation projects.	OO	Electricity	Short-term
	Regulatory impulse of new energy storage projects (reversible hydroelectric plants, batteries, etc.) to support renewable generation mixes.	OO	Electricity	Medium-term
	Regulatory impulse that leads to an improvement of electricity grids through their digitalization.	OO	Electricity	Short-term
	Regulatory impulse of new business models based on energy efficiency, distributed generation, decarbonised energy sale, etc.	OO	Both	Short-term
POLLUTION				
Pollution of air				
N.I.(1)	Air pollution due to natural gas usage by customers: NOx emissions (all) and other pollutants to a lesser extent (VOCs, Hg, etc.) are generated. NOx and VOC emissions can contribute to the generation of ozone in the environment.	Downstream	Gas	Current
O	Improve air quality by replacing coal or petroleum derivatives with natural gas and electricity in cities with air pollution.	Downstream	Both	Short-term
Pollution of water				
N.I.	Water quality impairment and impacts on ecosystems and local communities in the vicinity of facilities dedicated to the extraction and processing of the fossil fuels used (mainly natural gas and, to a lesser extent, petroleum derivatives) and in the value chain of the equipment used in new projects (solar panels, etc.) due to spills (oil spills, pipelines breakage, leaks, chemicals, hazardous substances).	Upstream	Both	Current
WATER AND MARINE RESOURCES				
WATER				
P.I.(1)	Freshwater consumption reduction in water stress areas due to the use of reused water as input water to combined-cycle power stations (Mexico, CCPS Naco, Hermosillo and Durango, and Spain, CCPS Málaga) or by the use of seawater in cooling in combined-cycle power plants, several of them located in water stress areas.	OO	Electricity	Current
R	Electricity production reduction in water stress areas in hydroelectric or thermal power stations that use freshwater. Increases in costs due to the increase in the price of water.	OO	Electricity	Short-term
BIODIVERSITY AND ECOSYSTEMS				
Direct impact drivers of biodiversity loss				
N.I.(1)	Biodiversity loss due to the occupation of the terrestrial ecosystem and land-use change due to the construction of new infrastructures (photovoltaic plants, electricity grids), as well as hydroelectric power plants constructed in the past, which produced land- and freshwater-use changes.	OO	Both	Current
	Immediate biodiversity loss due to habitat destruction caused by clearing, land-use change and occupation linked to the necessary operations for the supply of fuels, materials and equipment.	Upstream	Both	Current

Impacts on the state of species				
N.I.	Deterioration in the state of species, with special relevance for endangered species, mainly in wind farms (collision of birds and bats), power lines (collision and electrocution of birds), photovoltaic plants (impact on steppe birds) and hydropower plants (aquatic species).	OO	Electricity	Current
R	Sanctions or operational losses associated to impacts on endangered species. Delay in the authorisation of new projects or increase in development and operation costs due to stricter nature protection requirements. Decrease in revenue from hydropower generation due to stricter ecological flow criteria. Loss in brand value related to negative impacts on biodiversity.	OO	Electricity	Short-term
Impacts on the extent and condition of ecosystems				
N.I.	Ecosystems deterioration due to climate change caused by greenhouse gas emissions.	VC	Both	Current
RESOURCE USE AND CIRCULAR ECONOMY				
Resources inflows, including resource use				
N.I.(1)	Use of materials and resources for manufacturing the necessary equipment for operations (wind turbines, photovoltaic panels, pipelines, wires, supports, tanks, etc.). Special emphasis on equipment that requires the use of critical minerals.	Upstream	Both	Current
R	Cost increase and delays of new projects due to situations of shortage of raw materials, specifically critical minerals.	Upstream	Both	Long-term
Waste				
N.I.	Waste generation produced in the value chain of fuels, materials and equipment used.	Upstream	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

- **Social**

		Value chain (2)(3)	Business (4)	Time horizon (5)
OWN WORKERS				
Working conditions				
N.I.(1)	Increased accident rate due to long working shifts, usually to ensure continuity of operations.	OO	Both	Long-term
	Restriction of the right of workers to join a trade union or engage in collective bargaining.	OO	Both	Long-term
	Increase in critical accidents/incidents (death, serious injuries, etc.) due to inadequate management of occupational risk prevention.	OO	Both	Long-term
	Increased psychosocial risks due to poor work-life balance.	OO	Both	Long-term
P.I.	Promote a safe working environment through occupational health and safety management and training (preventive culture).	OO	Both	Current
	Reduction of the accident rate through the implementation and adequate management of an Occupational Health and Safety Management System (OHSMS).	OO	Both	Current
	Improvement of working conditions through social benefits for employees, e.g. life insurance, health insurance, disability cover, pension plan, remuneration in the form of company shares, etc.	OO	Both	Current
	Promotion of professional development through training initiatives and career plans.	OO	Both	Current
	Contribute to permanent employment and the payment of living wages above average wages.	OO	Both	Current
Equal treatment and opportunities for all				
N.I.	Discrimination on the basis of race, colour, gender, disability, religion, etc., due to lack of effective protocols against it and/or lack of training of workers on equality and non-discrimination.	OO	Both	Long-term
P.I.	Promoting inclusion and equity in those territories where the company is present, encouraging an inclusive corporate culture.	OO	Both	Current
VALUE CHAIN WORKERS				
Working conditions				
N.I.(1)	Precarious work due to non-compliance with minimum working conditions and occupational health and safety management by suppliers.	VC	Both	Current
	Increase in accidents/incidents associated with work overload due to the demands of the company.	VC	Both	Current
	Increase in critical accidents/incidents (fatalities, serious injuries, etc.) associated with the execution of operational activities classified as high risk.	VC	Both	Short-term
O	Working with local/national suppliers contributes positively to the economic development of communities.	VC	Both	Short-term
Equal treatment and opportunities for all				
N.I.	Discrimination on the basis of race, colour, gender, disability, religion, etc., due to lack of effective anti-discrimination protocols and/or training of workers on equality and non-discrimination, especially in countries with a high rate of discrimination.	VC	Both	Short-term
	Exclusion of candidates from local communities in recruitment favourable to a dominant ethnic group or migrant workers.	VC	Both	Short-term
P.I.	Encourage an inclusive culture by promoting inclusion and equity in those territories where the company operates.	VC	Both	Current
AFFECTED COMMUNITIES				
Communities' economic, social and cultural rights				

N.I.[1]	Affecting human health due to the emission of atmospheric pollutants derived from the activity of the company and the value chain.	VC	Both	Current
	Affecting the well-being of local communities through noise pollution from activities causing problems to health and well-being, both physical and mental.	OO	Both	Current
P.I.	Dynamisation of the economy and contribution to the GDP of the regions where the company operates derived from the contribution of profits (taxes, infrastructures, community development programmes).	VC	Both	Current
	Promoting the creation of local employment in the construction and operation phases of the infrastructures.	VC	Both	Current
	Promoting the employment of minorities and vulnerable groups.	VC	Both	Current
Rights of indigenous people				
N.I.	Displacement of local communities and violation of the territorial rights of indigenous communities through infrastructure projects that may require large extensions of land.	VC	Electricity	Medium-term
	Put at risk the cultural heritage, traditional knowledge and/or spiritual sites of indigenous communities due to project activities.	VC	Electricity	Medium-term
	Non-compliance with recognising the right of indigenous communities to maintain their customs and social practices, as well as the ownership of those territories that have been legally granted to them, according to the provisions of Convention 169 of the International Labour Organisation (ILO).	VC	Electricity	Medium-term
CONSUMERS AND END-USERS				
Information-related impacts for consumers and/or end-users				
N.I.[1]	Violation in the processing of personal data.	VC	Both	Current
P.I.	Increase data availability and improve security and operational efficiency for the customer experience through the digital transition.	OO	Both	Current
	Guarantee the protection of personal data through a policy based on an appropriate management system.	OO	Both	Current
R	Complaints from customers about contract changes without the user's consent.	Downstream	Both	Short-term
	Infringements related to data protection law.	Downstream	Both	Short-term
Social inclusion of consumers and/or end-users				
PI..	Reducing energy poverty through a energy vulnerability plan to facilitate payment and the development of all the necessary operations to speed up the procedures to prioritise people in vulnerable situations.	Downstream	Gas	Current
O	The development of new and efficient services allows for the generation of new customers (self-consumption, energy efficiency).	Downstream	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

- **Governance**

		Value chain (2)(3)	Business (4)	Time horizon (5)
BUSINESS CONDUCT				
Corporate culture				
P.I. (1)	Increased stakeholder trust through the promotion of an ethical culture.	VC	Both	Current
O	Attraction of business/financing opportunities by applying responsible practices as a company standard.	OO	Both	Medium-term
	Reduced fines and penalties resulting from having a regulatory framework based on ethics and compliance.	OO	Both	Medium-term
Protection of whistle-blowers				
P.I.	Increased trust of complainants given the correct resolution/ management of the complaints/enquiries made.	VC	Both	Current
Political engagement and lobbying activities				
N.I.	Lobbying activities to influence the passing of laws that are favourable to the company's interests.	VC	Both	Current
P.I.	Encourage the development of certain countries through private initiative (investments, etc.).	VC	Both	Medium-term
R	Regulation with a negative impact on the company's medium-term strategy.	OO	Both	Medium-term
Management of relationships with suppliers including payment practices				
P.I.	Contribution to sustainability through the environmental and social evaluation of new suppliers under ESG criteria for their subsequent selection.	VC	Both	Current
	Development and consolidation of long-term relationships with suppliers of products and services.	VC	Both	Current
Corruption and bribery				
P.I.	Decreasing corruption through communication and training on anti-corruption policies and procedures to reinforce the culture of ethics and integrity in the company.	OO	Both	Current
R	Theft of relevant company material and/or information.	OO	Both	Short-term
	Internal fraud.	OO	Both	Short-term
O	Maintenance of a certified and third-party audited management system to support regulatory compliance and the crime prevention model.	OO	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

- **Others**

		Value chain (2)(3)	Business (4)	Time horizon (5)
OTHERS				
Innovation				
O (1)	Reduced costs and carbon footprint due to investment in the development of new technologies.	OO	Both	Current
	Development of innovation projects to favour the energy transition in renewable gases, energy efficiency, sustainable mobility, etc.	OO	Both	Current
Cybersegurity				
N.I.	Loss of personal data due to cybersecurity breaches.	OO	Both	Current
P.I.	Ensure the right to data protection through a personal data protection policy.	OO	Both	Current
R	Increased costs and loss of trust and reputation due to security breaches of company information, both personal and critical operational information.	OO	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

Resilience of Naturgy's strategy and business model SBM-3_10

Context analysis and methodology

In order to analyse the capacity of Naturgy's strategy and business model to address material impacts and risks and to take advantage of material opportunities, the company has taken into account how the different ESG issues, included in the ESRS, may induce significant risks for the company's operations (including all types of its assets), as well as for its value chain, regardless of the nature of its activity and the geography where it is located.

This assessment is based on the results obtained in the double materiality assessment, which not only takes into account the possible external risks that may affect Naturgy (financial materiality), but also studies the potential strategic or business model adaptations that the company should carry out to reduce its impact on the outside world (impact materiality). In order to maximise knowledge of the company's real situation and reduce potential bias, the perspectives of Naturgy's different stakeholders have been integrated.

In addition, this resilience analysis is supported by other more specific assessments, in order to have the maximum detail, highlighting:

- Due diligence processes.
- Analysis of climate change risks and opportunities.
- Nature risk analysis according to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).
- Analysis of risks related to suppliers, by purchasing category.

- Process safety risk analysis (occupational health and safety).

The time horizons used during the study are those specified in section Disclosures in relation to specific circumstances. of this chapter.

Results of the resilience analysis

Resilience in the environmental field

In order to analyse Naturgy's environmental resilience, technological advances, regulation and sources of financing to undertake the investment plans necessary to contribute to the energy transition have been taken into consideration. The most relevant issues considered have been:

- Emissions of greenhouse gases (GHG) and other pollutants and their relation to climate change.
- Renewable generation.
- Resource consumption, especially water, and the principles of the circular economy.
- Net loss of biodiversity.

Naturgy considers that one of the issues of greatest concern both internally and externally, in relation to the environment, is climate change. The company has carried out a specific and focused analysis on this issue, the results of which can be consulted in the chapter "Climate change".

From an impact perspective, it has been observed that the contribution to climate change derives mainly from GHG emissions associated with the company's non-renewable gas activity and its value chain, that is, the non-renewable electricity supply and generation phases, the gas distribution activity and the downstream consumption of natural gas by customers.

In contrast, from a financial impact perspective, climate change can be detrimental to the company in two main ways: through temporary adverse conditions in the medium and long term, which can directly affect business continuity, or through a technological or regulatory change, which generates the need for sudden adaptation to a socio-economic situation that is more adverse than the current one, in terms of operating capacity and resulting revenues.

For this reason, Naturgy is accelerating the transformation of its business portfolio since 2018, the year in which it was decided to close the coal-fired power generation plants and set the guidelines on which successive strategic plans have been based, focusing on renewable energies for electricity generation, the development of renewable gases (biomethane and hydrogen) for the entire gas value chain and the electricity and gas network businesses. This roadmap has enabled to reduce total GHG emissions by 27% in the period 2017-2024, to reach 75% CAPEX alignment according to the Taxonomy Regulation, in 2024 (74% in 2023), and to decouple EBITDA generation in a sustained manner in recent years. The approved Climate Transition Plan is underpinned by the same pillars that were established in 2018 to contribute to the energy transition.

In environmental terms, beyond climate change, biodiversity is at the centre of the main non-climate impacts, risks and opportunities, as both factors are interrelated. The chapter "Biodiversity and ecosystems" of this report includes the risk analysis carried out following the TNFD recommendations.

In terms of ecosystem dependency, water availability and regulation become particularly relevant in a context of increasing scarcity due to climate change. This particularly impacts infrastructures such as hydroelectric and thermal power plants that require fresh water for their operation. However, Naturgy's strategy prioritises renewable technologies that do not depend on water or alternatives for the use of reused water or seawater, significantly mitigating these risks. These impacts and dependencies may generate risks associated with the impact on endangered species and the tightening of biodiversity protection regulations, which could result in delays in the authorisation of projects, higher operational and development costs, reduced revenues or even reputational risks.

Consequently, Naturgy integrates the environmental variable in all its activities. On the one hand, from the design and construction stage of the facilities, prior environmental impact assessments are carried out, which must be approved by the competent authorities, paying special attention to the availability of water in the regions where they are located, and the potential damage they could cause to this resource and to the environment in general. On the other hand, the company has developed an environmental management system, which is externally audited and certified under the ISO 14001 standard, which is articulated around environmental indicators and objectives to monitor the different processes and promote their continuous improvement. In this way, Naturgy aims to reduce its dependence on natural resources and opt for lower impact alternatives, while maintaining the level of service to its customers.

Resilience in the social field

Naturgy, as a company with an international presence, recognises the importance of integrating all stakeholders in its, present and future, project as the driving force to achieve its objectives and is committed to the Human Rights of all people with whom it relates, whether employees or third parties, in accordance with the principles expressed in the Universal Declaration of Human Rights of the United Nations and in the Declaration of the International Labour Organisation (ILO) and other international frameworks of reference. Thus, Naturgy's resilience in relation to society has been assessed with respect to three aspects:

- Human capital.
- Naturgy and its relationship with the affected groups.
- A customer-focused business.

On the one hand, the company has analysed its dependence on human capital, and how its management can induce or, on the contrary, avoid significant damage to its own staff and workers in the value chain. With regard to its own workforce, the issues considered most relevant are the management of working conditions and equal treatment and opportunities.

With regard to working conditions, Naturgy assesses the risks associated with the work carried out in its own facilities, within the framework of its Occupational Health and Safety Management System (OHSMS), which is externally audited and certified by the ISO 45001 standard. This system includes, in particular, the necessary action plans to address the most critical risks, as is the case of the current Health and Safety Plan 2024-2025.

With regard to equal treatment and opportunities, Naturgy rejects any kind of discrimination on the grounds of ideology, religion, belief, ethnicity, race, nation, gender, sexual orientation, family situation, illness or disability and has policies and management measures aimed at ensuring the materialisation of this commitment; it also extends this same commitment to all workers in the value chain through the Supplier Code of Ethics.

On the other hand, Naturgy faces the challenge of transmitting its corporate culture to all its employees, particularly in terms of sustainability, as well as fostering their professional development. This is why the group has a training programme, which is implemented through the Corporate University, and whose management system is certified in accordance with the ISO 9001:2015 standard. In parallel, it is worth highlighting other talent development programmes such as "Flex&Lead" or "Transforma", through which Naturgy incorporates young profiles with and without work experience, especially women.

While human capital is a fundamental asset for Naturgy, the resilience analysis also focuses on how the company's activity could have an impact on the community, that is, those groups living in the vicinity of its operations. Naturgy has analysed, in particular, whether the construction or operation of its assets may impact local communities or indigenous peoples. The possible impact on local communities is closely related to the management of biodiversity and ecosystems.

Thus, for the installation of the company's various generation and distribution assets, it is necessary to acquire land. In addition, the very operation of the facilities may have a negative impact due to various nuisances arising from this activity. To avoid significant damage and guarantee respect for local and indigenous rights, Naturgy has developed a Social Relationship Model (SRM), based on the recognition and protection of local values and knowledge, and which establishes the tools for dialogue with the groups to ascertain their perspectives, as well as other initiatives to generate value such as the promotion of local employment or training.

Finally, in the social sphere, Naturgy has analysed the resilience of its strategy and business model with respect to its customers, as one of its main stakeholders. In this sense, offering affordable and environmentally friendly energy products and services and personalised attention to the needs of consumers, ensuring supply at all times, are the priorities of the commercialisation activity.

In the context of a climate transition towards a low-carbon economy, an imbalance in any of these priorities could imply a loss of confidence on the part of users and, consequently, a significant reduction in the company's revenues. That is why Naturgy, in addition to developing specific initiatives to achieve its energy transition objectives, as previously mentioned, has a quality management system certified to ISO 9001 standard, relating to the marketing of services and the management of gas and electricity distribution networks.

On the other hand, customers' trust in the company may also be affected by other adversities, such as the improper processing of personal data, due to security breaches or individual negligence. To prevent and mitigate this, Naturgy has established a Global Personal Data Protection Policy, which includes the basic principles of action to ensure the correct treatment of personal data from the time it is collected until it is deleted.

Resilience in the governance field

In relation to the material impacts and risks arising from matters related to business conduct, Naturgy has determined that the most critical issues for its strategy and business model in this regard are supplier management, possible cases of corruption, bribery and/or fraud of its own employees and cybersecurity.

In the first two cases, Naturgy's position is robust, with different prevention, adaptation and correction measures. Thus, within the framework of the compliance management model, the company assesses the degree of compliance with its internal regulations on corporate governance, highlighting the Code of Ethics and its associated policies, in particular:

- Compliance Policy.
- Counterparty Due Diligence Procedure.
- Anti-corruption policy.

These internal rules are supervised periodically, and their application is supported by mechanisms such as the Criminal Prevention Model, whistleblowing channels, the Counterparty Due Diligence Procedure, and outreach and training actions, among others. In any case, the supervisory bodies act swiftly and effectively to implement the corrective or sanctioning actions they deem appropriate.

In parallel, supplier management is also exercised specifically through Naturgy's purchasing model. Firstly, the company establishes the internal regulations governing its relationship with suppliers, which must be complied with by them. Subsequently, it evaluates the different suppliers according to different risk factors, additionally requiring the approval of those candidates who must carry out activities classified as critical.

Once selected and contracted, suppliers are subject to different monitoring and follow-up mechanisms, including the ESG audit process, as a result of which possible breaches of internal regulations or of the environmental specifications required by Naturgy are detected, and the relevant corrective measures are established to remedy the damage caused, which may lead to the termination of commercial relations if the measures imposed are not implemented.

More information on Naturgy's relationship with its suppliers can be found in section "Management of the relationship with suppliers" in chapter 4 of this Report.

Finally, a matter of relevance for Naturgy is cybersecurity. The rapid progress in the development and implementation of new technologies at all levels of society implies an inherent increase in the number of vulnerabilities that companies must identify and remedy. Naturgy's ability to prevent and correct this problem is reflected in the Cybersecurity Plan, which makes use of cutting-edge measures to reduce the risk to which corporate information is exposed, both for internal use and for processing by third parties. Further details can be found in the section on "Cybersecurity" in Chapter 5 of this Report.

Conclusions of the analysis

In accordance with the above, Naturgy considers that it is well positioned to address impacts and risks thanks to its focus on diversification of the energy portfolio, optimisation of operations, the management systems it has in place, regulatory compliance and risk management.

The company remains committed to sustainability, continuity and quality of supply at affordable prices, being part of a future where renewable energies are gradually gaining ground, without neglecting the importance of fossil fuels as transitional energy and always from the perspective of working with a focus on people and their well-being and with a way of doing business based on ethical principles and integrity.

4. Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

Double materiality assessment: methodology and sources of information

IRO-1_04 To determine which environmental, social and governance (ESG) matters are related to the company's activity, strategy and business model, and therefore subject to reporting, Naturgy has carried out, in 2024, a double materiality assessment that has taken into account the operations carried out by its business partners along the value chain, thus obtaining a holistic view of Naturgy's relationship with the natural environment and society as a whole, as well as an assessment of the degree of implementation of its corporate culture.

IRO-1_01 In particular, the determination of material impacts, risks and opportunities is based on the provisions of the European Sustainability Reporting Standards (ESRS), ESRS 1, Application Requirement 16, which provides a list of ESG topics, subtopics and sub-subtopics to be considered by the company.

The process of determining material impacts, risks and opportunities integrates two complementary perspectives:

- Inside-out view (hereafter **impact materiality**): analyses how the company's activity impacts on the environment and society and how this impact is perceived by the different stakeholders.
- Outside-in view (hereafter **financial materiality**): analyses how sustainability issues affect the company's performance, how they can affect value creation and how these issues are perceived by financial stakeholders.

IRO-1_14 During the analysis, the following sources of information have been taken into account: the sustainability and financial reports of different energy companies operating in the main countries where Naturgy operates; various regulatory initiatives, both mandatory and voluntary, applicable to the gas and electricity utilities and electricity generation sectors, as well as a representative number of news articles. All of this in the main geographies where the company operates. In addition, the company has also used the international sustainability standards Global Reporting Initiative (GRI Standards) and the Sustainability Accounting Standards Board (SASB) as a reference.

IRO-1_05 To determine the materiality of the different impacts, risks and opportunities, the perspectives of the company's stakeholders have been integrated. To this end, the company set up a transversal working group of experts from the main business and corporate areas of Naturgy. The members of the working team assumed the role of representatives of the main stakeholders, integrating into the double materiality assessment the perspective of each of them in relation to the impacts, risks and opportunities identified.

Additionally, Naturgy considers that the sources of information used are also relevant when integrating stakeholders in the analysis. On the one hand, financial reports as well as mandatory regulations and regulatory bodies are considered representative sources for incorporating the expectations of investors and shareholders into the analysis and allow for understanding financial materiality. On the other hand, sustainability reports, news and voluntary regulatory initiatives incorporate issues that are relevant to other stakeholders and facilitate the understanding of impact materiality.

IRO-1_15 The methodology for performing the double materiality assessment has been updated with respect to the previous year. The process has been aligned with section 3 of ESRS 1. Thus, these recommendations have been integrated when establishing materiality thresholds to determine the material impacts, risks and opportunities, which allows for a more accurate assessment of the issues that apply to the company. In addition, in 2024, the stakeholder perspective has been integrated in a more direct way.

Impact Materiality and Financial Materiality IRO-1_02; IRO-1_07

IRO-1_06 Firstly, it was analysed the **materiality from an impact perspective**, each impact has been classified according to whether it is positive or negative and whether it is actual or potential. The following factors have also been assessed:

- **Scale:** analyses the severity or benefit of the negative or positive impact analysed, respectively.
- **Scope:** studies the extent of the impact, both in terms of location and people affected.

In addition, in the case of negative impacts, their **irremediable character** is analysed, that is, the difficulty associated with repairing the damage generated to society and the environment. These two or three factors, for negative impacts, measure the **severity** of the impact, and can take as possible values, whole numbers between one and five, inclusive.

Finally, regardless of the positive or negative nature of the impact, in the case of a potential impact, the probability of it occurring in the short, medium or long term is analysed, and a real value between 0.1 (highly unlikely) and 1 (very likely) is assigned. In any case, for those potential negative impacts that have an effect on human rights, severity will prevail over probability.

The combination of severity and probability (as applicable) has allowed Naturgy to assign a materiality value to each impact, considering that these will be material when this value is higher than 2, that is, the impact materiality threshold.

IRO-1_08 In the next phase, ESG risks and opportunities have been identified and assessed. During this exercise, the connections and interrelation that these may have with the impacts previously identified have been taken into account, as well as with the possible dependencies that may exist on natural, human, financial or other resources. Taking the above into account, Naturgy has identified the types of assets and/or business activities that generate material impacts and dependencies, and has studied, reciprocally, what potential risks and opportunities could arise as a result.

IRO-1_09 During the analysis of **materiality from a financial perspective**, all risks and opportunities analysed have been considered as potential, and therefore the assessment has been made taking into account the **scale**, which measures the potential magnitude of the financial effects associated with them, and the **probability** of occurrence over different time horizons. Both factors are measured according to values analogous to impact materiality.

On the basis of the scale and probability factors, Naturgy has assigned a materiality value to each risk and opportunity, considering these to be material when the figure is greater than 1, in other words, the financial materiality threshold.

IRO-1_10 On the other hand, Naturgy counts on a risk management model that analyses the global risk profile of the company and integrates ESG risks among its typologies. Nonetheless, within the framework of the double materiality analysis from the financial perspective, the company has carried out the identification of potential risks associated with sustainability issues with a greater degree of detail and granularity than that used in the corporate risk map. In this regard, the company gives priority to sustainability-related risks in this particular context.

IRO-1_03 Additionally, during the dual double materiality assessment, the company has analysed whether each impact, risk and opportunity is more frequent or likely to occur in a specific stage of the value chain or in certain geographies, or whether they occur in a generalised manner in all stages of the value chain and are transversal to Naturgy's geographies and operating businesses.

As stated in the section "Material impacts, risks and opportunities and their interaction with strategy and business model" of this Report, most of the impacts, risks and opportunities assessed have been identified as applying to all stages of the value chain, all businesses and geographies. Those impacts, risks and opportunities identified for specific stages of the value chain or specific to a particular business and geography are conveniently indicated throughout the different chapters of this Report, in the sections listing the material impacts, risks and opportunities identified for each material subtopic.

As result of the analysis described above, it has been possible to establish the definitive list of the company's material impacts, risks and opportunities, presented in the previous section.

Materiality and its relation to the governing bodies

IRO-1_11 The Sustainability Commission is the body in charge of supervising the double materiality assessment and approving its results. This activity is complemented by the work of the Audit and Control Committee, which is responsible for reviewing the company's sustainability risks, as well as the systems for controlling them.

IRO-1_12; IRO-1_13 Furthermore, the results of the double materiality assessment are integrated with the group's risk assessment. In the medium and long term, the issues identified as material could come to represent a management risk for Naturgy.

The methodology and process followed in performing the double materiality assessment is reviewed by the auditor in charge of the verification of the report who assesses the alignment of the process followed with the ESRS and the recommendations of the European Financial Reporting Advisory Group (EFRAG).

Disclosure requirements in ESRS covered by the undertaking's sustainability statement (IRO-2)

IRO-2_13 Naturgy has adapted its Sustainability Report to the requirements derived from the ESRS based on the double materiality assessment carried out, taking into account the recommendations provided by EFRAG regarding the application of thresholds for each impact, risk and opportunity. As a result of this analysis, Naturgy has assessed the ESRS and respective disclosure requirements that are material. In this sense, it has been concluded that the ten thematic standards are applicable to the company together with ESRS 2, which is not subject to materiality, but is mandatory and transversal to all companies included in the scope of the CSRD directive.

However, for the topics of "Pollution" and "Resource use and circular economy", only material impacts, risks and opportunities have been identified in the upstream and downstream activities of the value chain, but not in the scope of Naturgy's own operations. Given that the company avails itself of the transitional provision expressed in section 10.2 of ESRS 1, which allows the information corresponding to the value chain to be omitted during the first three years of application of the ESRS, for these standards Naturgy only discloses the information corresponding to the disclosure requirement relating to the processes for determining the material impacts, risks and opportunities for both topics.

- **List of the Disclosure Requirements complied with in preparing the reporting** [IRO-2_02]

ESRS		Disclosure Requirements	Pages
GENERAL DISCLOSURES			
ESRS 2 - General Disclosures	BP-1	General basis for preparation of sustainability statements	6-7
	BP-2	Disclosures in relation to specific circumstances	7-11
	GOV-1	The role of the administrative, management and supervisory bodies	12-25
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	25-26
	GOV-3	Integration of sustainability-related performance in incentive schemes	26-28
	GOV-4	Statement on due diligence	28-29
	GOV-5	Risk management and internal controls over sustainability reporting	29-32
	SBM-1	Strategy, business model and value chain	33-48
	SBM-2	Interests and views of stakeholders	48-50
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	50-61
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	62-64
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	64-75
Environment			
ESRS E1 - Climate Change	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	103-104
	E1-1	Transition plan for climate change mitigation	104-109
	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	109-119
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	120-123
	E1-2	Policies related to climate change mitigation and adaptation	124
	E1-3	Actions and resources in relation to climate change policies	124-133
	E1-4	Targets related to climate change mitigation and adaptation	134-141
	E1-5	Energy consumption and mix	141-143
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	144-154
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	154-156
	E1-8	Internal carbon pricing	156-157
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in provision
ESRS E2 - Pollution	E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	160-161

ESRS E3 - Water and marine resources	E3.IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	162-163
	E3-1	Policies related to water and marine resources	163
	E3-2	Actions and resources related to water and marine resources	163-164
	E3-3	Targets related to water and marine resources	164-165
	E3-4	Water consumption	165-168
	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Phase-in provision
ESRS E4 - Biodiversity and ecosystems	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy	169-170
	E4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	170-177
	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	178-180
	E4-2	Policies related to biodiversity and ecosystems	180-181
	E4-3	Actions and resources related to biodiversity and ecosystems	182-185
	E4-4	Targets related to biodiversity and ecosystems	185-188
	E4-5	Impact metrics related to biodiversity and ecosystems change	189-193
	E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Phase-in provision
ESRS E5 - Resource use and circular economy	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	194-195

ESRS		Disclosure Requirements	Pages
SOCIAL			
ESRS S1 - Own workforce	S1.SBM-2	Interests and views of stakeholders	196
	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	196-199
	S1-1	Policies related to own workforce	199-200
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	200-202
	S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	202-204
	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	205-221
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	222-225
	S1-6	Characteristics of the undertaking's employees	225-227
	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	227
	S1-8	Collective bargaining coverage and social dialogue	227-228
	S1-9	Diversity metrics	228-229
	S1-10	Adequate wages	229
	S1-11	Social protection	229-230
	S1-12	Persons with disabilities	230
	S1-13	Training and skills development metrics	230-231
	S1-14	Health and safety metrics	231-232
	S1-15	Work-life balance metrics	232
	S1-16	Compensation metrics (pay gap and total compensation)	233
	S1-17	Incidents, complaints and severe human rights impacts	234
ESRS S2 - Workers in the value chain	S2.SBM-2	Interests and views of stakeholders	235
	S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	235-237
	S2-1	Policies related to value chain workers	237-239
	S2-2	Processes for engaging with value chain workers about impacts	239-240
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	240-241
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	241-248
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	248-250

ESRS S3 - Affected communities	S3.SBM-2	Interests and views of stakeholders	251
	S3.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	251-253
	S3-1	Policies related to affected communities	253-254
	S3-2	Processes for engaging with affected communities about impacts	254-257
	S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	257-258
	S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	259-264
	S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	264-265
ESRS S4 - Consumers and end-users	S4.SBM-2	Interests and views of stakeholders	266
	S4.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	266-269
	S4-1	Policies related to consumers and end-users	269-270
	S4-2	Processes for engaging with consumers and end-users about impacts	271-273
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	273-277
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	277-284
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	284-286
GOVERNANCE			
ESRS G1 - Business conduct	G1.GOV-1	The role of the administrative, supervisory and management bodies	287-288
	G1.IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	288-289
	G1-1	Corporate culture and business conduct policies and corporate culture	289-295
	G1-2	Management of relationships with suppliers	296-302
	G1-3	Prevention and detection of corruption and bribery	302-303
	G1-4	Confirmed incidents of corruption or bribery	303-304
	G1-5	Political influence and lobbying activities	304-305
	G1-6	Payment practices	305
ENTITIY-SPECIFIC INFORMATION			
Entity-specific information	Not applicable	Cybersegurity	306-308
		Innovation	309-318

- **List of datapoints in cross-cutting and topical standards that derive from other EU legislation IRO-2_01**

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		16
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		12
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				28-29
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6)Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		34
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	104

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		104
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		135, 137
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				141-142
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				141-142
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				143
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	ndicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		145

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		149
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	154-155
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Reglamento Delegado (UE) 2020/1818, anexo II Reglamento Delegado (UE) 2020/1816, anexo II		Phase-in provision, ESRS 1, appendix C
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Phase-in provision, ESRS 1, appendix C
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase-in provision, ESRS 1, appendix C
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in provision, ESRS 1, appendix C

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				163
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex 1				No applicable
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				163
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				166
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				167-168
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				174-177
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				172
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				172
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				181
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				181
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				181
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1				198
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (G)	Indicator number 12 Table #3 of Annex 1				198
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				199
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		199
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex 1				199
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex 1				200
ESRS S1-3 grievance/ complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex 1				203-204
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		232
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex 1				232
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		233
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex 1				233
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex 1				234

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		234
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				236
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				238-239
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				237-239
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		238
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		238
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				242
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				254
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		254
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				265

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law	Pages
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				270
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		271
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				279
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				292
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				295
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		303
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				303

02. Environment

UE Taxonomy Report UE (Regulation 2020/852) and sustainable financing

Introduction

To achieve the goals set out in the European Green Deal, the European Commission has committed to mobilise at least Euros 1 trillion for sustainable investment over the next ten years. The active participation of financial markets in financing the sustainable economy is essential for the European Union's plans towards a low-carbon economy. To this end, the European Commission is driving forward a package of measures to help improve the flow of money into sustainable activities across the EU. One of these measures is the Taxonomy Regulation, Regulation (EU) 2020/852, a classification system for sustainable economic activities that defines what is sustainable and what is not, based on objective criteria. It provides a common language for investors and businesses to channel investments into more sustainable technologies and businesses that have a significant positive impact on the climate and the environment, and to promote compliance with the EU's climate targets, the Paris Agreement and the UN Sustainable Development Goals.

In particular, it pursues the following environmental objectives:

- **Mitigation of climate change**: an activity is considered to make a significant contribution to mitigating climate change if that activity makes a substantial contribution to stabilising greenhouse gas concentrations in the atmosphere.
- **Climate change adaptation**: adaptation solutions that either significantly reduce the risk of adverse impacts of the current climate or provide for adaptation solutions that help avoid the risk of adverse impacts on people, nature or other assets.
- **Sustainability and protection of water and marine resources**: contribution to the development of good status of waters, including surface waters and groundwater, or prevent their deterioration where they are already in a good condition.
- **Transition to a circular economy**: more efficient use of natural resources, in particular sustainable bio-based materials and other raw materials, in production by increasing the durability and accountability of products.
- **Pollution prevention and control**: by reducing emissions of pollutants into the atmosphere, improving air quality, eliminating waste, etc.
- **Protection and restoration of biodiversity and ecosystems**: achieve favourable conservation status of natural and semi-natural habitats and species or prevent their deterioration where their conservation status is already favourable.

In 2021, the European Union published the Delegated Acts on climate change mitigation and adaptation and during 2022 this regulation was amended to accommodate gas and nuclear activities. Lastly, in 2023 the Delegated Acts for the remaining environmental targets were published, as well as modifications to some technical criteria and extension of activities for climate change mitigation and adaptation targets.

The Taxonomy establishes two types of activity:

- **Eligibility**: an activity is eligible if it is one of the activities listed in the corresponding Delegated Acts.
- **Alignment**: subset of eligible activities that are not only listed but also meet the criteria of a significant positive contribution to the climate criteria, do not cause significant negative harm to the other criteria and comply with social safeguards.

The regulation stipulates that three economic indicators must be reported: the percentage of eligible or adapted activities in the company's total turnover, Capex and Opex.

- The disclosure of the Taxonomy has been conducted in a rigorous and consistent manner to determine the company's level of contribution to the defined environmental objectives and, at the same time, to provide shareholders and investors with security in the face of greenwashing. The technical requirements for the classification of activities were set out in the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 and its amendments in Delegated Regulation (EU) 2023/2485, Delegated Regulation (EU) 2022/1214 and Delegated Regulation (EU) 2023/2486, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and complies with the minimum social safeguards.

Scope of the report

All the companies that make up the consolidation scope of the Naturgy Group have been considered in the analysis carried out to establish the eligible activities under the criteria of the European Commission for the Taxonomy.

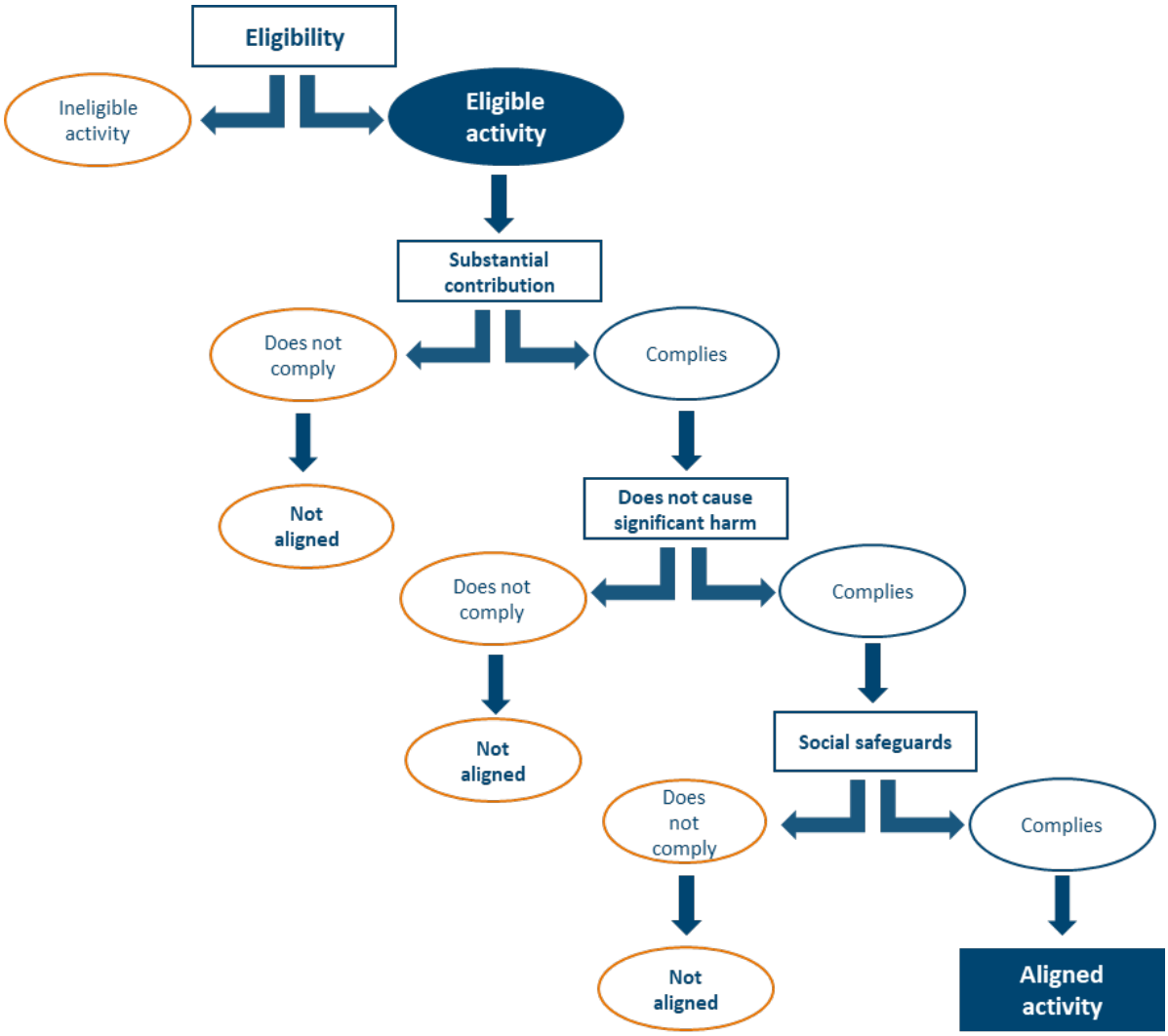
Naturgy's activities fall within the energy sector. After analysing the contribution of the company's businesses to the six climate goals set out in the Delegated Regulation, it is concluded that the objectives that are material to the reporting of taxonomic activities are the climate goals. The annexes detailing the economic sectors and activities that contribute to climate change mitigation and adaptation objectives specifically include the energy sector and the taxonomic activities carried out by Naturgy.

This is not the case for the other four environmental goals of the taxonomy (Protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems), for which the technical criteria are set out in Delegated Regulation 2023/2486. The respective annexes show that the energy sector is not specifically considered as an eligible activity for the fulfilment of any of the goals.

While none of the company's businesses are directly linked to the activities specified in the annexes related to non-climate goals, certain complementary or supporting operations carried out at the facilities, such as water treatment, waste management or environmental restoration, could be considered eligible. However, no analysis has been carried out to assess their compatibility with these goals, as they are not material to the company. As they are not business activities, they do not generate income and the turnover indicator is zero. On the other hand, the investments and operational expenditure corresponding to these complementary activities are included in the corresponding headings of the installations, without sufficient detail to allow them to be allocated to specific targets. For installations eligible for climate targets, these items have been considered in the corresponding indicators. This is not the case for complementary activities carried out in non-eligible facilities. For example, the treatment of urban wastewater for use as feedwater in several combined-cycle gas-fired power stations could be considered eligible for the circular economy transition target. However, these items are not individualised in the accounts, so it is not possible to assess the corresponding expenditure and investments as they are integrated in general items and the necessary evidence is not available.

Analysis process

To carry out the analysis of the taxonomy, Naturgy has created a transversal work team made up of people from different units, both business and corporate areas, in accordance with the activities established in the Delegated Regulation (EU) 2020/852, establishing a methodology in accordance with the regulation and based on the following stages:



1. Eligibility

Naturgy's business activities included in Delegated Regulations 2021/2139 and its amendments and 2023/2486, which complete Regulation 2020/852, have been analysed.

Delegated Regulation 2021/2139 and its amendments set out the technical selection criteria for the climate goals (climate change mitigation and adaptation), while Delegated Regulation 2023/2486 sets out the criteria for the other four environmental goals (Protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems). These regulations consist of annexes for each environmental objective with indices by economic sector that include the different activities that can contribute to their fulfilment.

Naturgy's activities fall within the energy sector, specifically included in the mitigation and adaptation annexes and their modifications, which shows that climate goals are the most relevant for the company. The business lines of Naturgy and their correspondence with the eligible economic activities established in the annexes corresponding to the climate goals (mitigation and adaptation) are detailed below.

In the strategic area of Distribution Networks, we can find the following operating segments with activities that are considered within the European Union Taxonomy:

a. Electricity Spain: includes the regulated electricity distribution business in Spain and corresponds to the activity:

i. 4.9. Electricity transmission and distribution.

b. Electricity Panama: encompasses the regulated electricity distribution and commercialisation business in Panama and includes the activity:
   i. 4.9. Electricity transmission and distribution.
c. Electricity Argentina: encompasses the regulated electricity distribution and commercialisation business in Argentina and includes the activity:
   i. 4.9. Electricity transmission and distribution.

Within the other strategic area, Energy Markets, are most of the activities included in the different Delegated Regulations and their corresponding amendments. Specifically, they can be found in the following operating segments:

a. Thermal generation in Spain: which includes the conventional thermal generation plant in Spain:
   i. 4.29. Electricity generation from fossil gaseous fuels.
b. Thermal generation GPG Latin America: which includes the conventional thermal generation within the scope of Global Power Generation in Mexico and the Dominican Republic (Puerto Rico is integrated by the equity method):
   i. 4.29. Electricity generation from fossil gaseous fuels.
c. Renewable generation:
   1. Spain: includes the management of the wind farm and generation projects for wind, mini-hydro, solar and co-generation[3] energy sources, also incorporating the generation of hydropower electricity located in Spain. In addition, it includes the development portfolio in the rest of Europe.
      i. 4.1. Electricity generation using solar photovoltaic technology.
      ii. 4.3. Electricity generation from wind power.
      iii. 4.5. Electricity generation from hydropower.
      iv. 4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels.
   2. United States: includes the management of photovoltaic generation projects being developed in the United States:
      i. 4.1. Electricity generation using solar photovoltaic technology.
   3. GPG Latin America: includes the management of renewable electricity generation facilities and projects of Global Power Generation (GPG) located in Latin America (Brazil, Chile, Costa Rica, Mexico and Panama):
      i. 4.1. Electricity generation using solar photovoltaic technology.
      ii. 4.3. Electricity generation from wind power.
      iii. 4.5. Electricity generation from hydropower.
   4. GPG Australia: includes the management of GPG's renewable electricity generation facilities projects in Australia:
      i. 4.1. Electricity generation using solar photovoltaic technology.
      ii. 4.3. Electricity generation from wind power.
      iii. 4.10. Storage of electricity.
d. Renewable gases: covers the management of renewable gas projects, specifically biomethane and green hydrogen, as well as sustainable mobility projects. These are incipient activities and, therefore, are currently of little materiality from an economic point of view, as shown in the tables below.
   i. 3.10. Manufacture of hydrogen.
   ii. 5.6. Anaerobic digestion of sewage sludge.

[3] In Naturgy's Consolidated Report at 31 December 2023 and 2022, the co-generation activity is considered as part of the Renewable Generation Spain CGU because there is a single management unit that handles the co-generation operations and assets together with the wind, mini-hydro and solar generation businesses. Likewise, the remuneration of co-generation facilities, as is the case with wind and solar facilities in Spain, is subject to Royal Decree 413/2014, of 6 June, regulating the activity of electricity production from renewable energy sources, co-generation and waste.

iii. 5.7. Anaerobic digestion of biowaste.
iv. 5.10. Landfill gas capture and utilisation.
v. 6.15. Infrastructure enabling low-carbon road transport and public transport.

e. Commercialisation: the goal is to manage the business model for end customers for gas, electricity and services, incorporating new technologies and services, as well as developing the full potential of the brand. Naturgy provides its residential and industrial customers with all the necessary services for the installation of photovoltaic panels that allow them to produce renewable energy for self-consumption, for example, through the Naturgysolar product or services necessary to have electric charging points for mobility powered by renewable energy. These projects correspond to the following activity:

i. 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).
ii. 7.6. Installation, maintenance and repair of renewable energy technologies.

Finally, the Holding area, which develops transversal activities linked to the businesses, includes the innovation area, which is responsible, among other activities, for developing renewable gas projects (hydrogen, biomethane) and electricity storage projects. These projects correspond to the following activities:

i. 3.10. Hydrogen production.
ii. 4.10. Electricity storage.
iii. 5.6. Anaerobic digestion of sewage sludge.
iv. 5.7. Anaerobic digestion of biowaste.

2. Alignment

a. Substantial contribution to a goal

Eligible activities have been screened to confirm whether they meet the technical criteria established to validate substantial contribution to climate change mitigation and adaptation goals. The most relevant criteria used are summarised below:

Climate change mitigation

a. Renewable electricity generation: For the activity of electricity generation from hydropower, the main criterion considered to validate that there is a substantial contribution to climate change mitigation is power density. The power densities have been calculated for each installation considering the net power value defined in the register of electricity production installations and the surface area of the reservoir. Most facilities met the criterion, for the rest whose power density is less than 5W/m2, specific studies have been carried out to verify compliance with the life cycle GHG emissions threshold of less than 100 g CO_2e/kWh.
b. Electricity grids: the electricity transmission and distribution activity carried out in Spain meets the eligibility criterion for climate change mitigation as it is integrated in the interconnected European system. In the case of Panama and Argentina, the criteria of emissions thresholds of newly activated generation capacity in the system and average grid emissions factor have been considered.
c. Electricity generation in combined-cycle power stations: for the activity of electricity generation from fossil gaseous fuels, compliance with the lifecycle GHG emissions threshold has been analysed, as well as the rest of the complementary criteria in all facilities.
d. Cogeneration: for the activity of high-efficiency co-generation of heat/cool and power from fossil gaseous fuels, the GHG emission threshold criteria have been analysed in all plants, as well as the rest of the complementary criteria.

Climate change adaptation

The analysis to confirm that the criterion of substantial contribution is met has been based on the result of the physical climate risk assessments and the adaptation solutions and plans implemented in the facilities where the risks were material. A quantitative analysis of risks by business and type of facility has been carried out for the different assets considering various climate scenarios. In facilities where there is a material level of risk, an evaluation has been conducted on the existing measures to ensure their compliance with various criteria, which include avoiding any adverse impact on other adaptation efforts or relevant stakeholders and maintaining compatibility with established strategies and plans.

Regarding adaptation measures, it is important to highlight that the facilities are specifically designed to function effectively even under extreme weather circumstances. They have protocols in place to respond to adverse weather conditions, integrating appropriate risk control measures. These guidelines are complemented by the emergency and self-protection plans of the facilities, which are periodically updated.

As explained below, the economic indicators corresponding to the climate adaptation objective have not been reported.

b. Do no significant harm to other goals

For activities that contribute to one of the climate goals, a thorough analysis has been carried out in order to assess the principle of Do No Significant Harm (DNSH) to other goals.

Some of the criteria used in the analysis are summarised below:

a. Climate change mitigation: GHG emissions from activities have been analysed.
b. Climate change adaptation: physical climate risk assessments and projected and implemented adaptation plans and solutions have been analysed for applicable activities.
c. Sustainable use and protection of water and marine resources: we have analysed the policies, procedures, specifications, action and management plans, authorisations, environmental impact assessments, environmental monitoring and applicable regulations according to the geography in which the activities are carried out, as well as the environmental certifications audited by an independent third party that accredit adequate performance.
d. Transition to a circular economy: policies, procedures, specifications, action plans and management of activities have been analysed, including the waste hierarchy approach and environmental certifications audited by independent third parties attesting to adequate performance.
e. Pollution prevention and control: the policies, procedures, specifications, action plans and management of pollution-related activities, environmental monitoring and applicable regulations have been analysed, as well as the environmental certifications audited by an independent third party that accredit adequate performance.
f. Protection and restoration of ecosystems: procedures, applicable national regulations, as well as environmental impact studies and authorisation processes have been analysed, verifying that the necessary mitigation and compensation measures are applied.

c. Social safeguards

To analyse compliance with social safeguards, the following company policies and procedures have been considered:

- Code of Ethics, which establishes the guidelines that must govern the ethical behaviour of Naturgy's managers and employees in their daily performance with regard to the relationships and interactions it maintains with all its stakeholders. It includes the commitments assumed by Naturgy in matters of good governance, corporate responsibility and issues related to ethics and regulatory compliance. Chapter "Business Conduct" details the information in relation to the policies that the company has defined to promote a corporate culture based on upright behaviour.
- Statement of Principles and Policies, which establishes Naturgy's commitments to sustainable development and to the different stakeholders, including the creation of quality employment, the strengthening of local communities and the reduction of social inequalities.
- Global Sustainability Policy, which describes the company's commitments in relation to respect for human rights. It covers the entire scope of activities and compliance with the regulatory framework of the various countries in which activities are carried out. Through 10 commitments, it considers respect for fundamental rights, including labour rights and the rights of local communities affected by the company's activities.
- Affected Communities Policy. Within the framework of its Global Sustainability Policy, the company makes a firm commitment to respect local communities. In order to achieve this commitment, key aspects are the assessment of the social impact that the company's activities may have on the affected communities and the contribution to the improvement of their living conditions. To this end, it has a Social Relationship Model (SRM) that seeks to integrate social management as a discipline throughout the life cycle of new renewable generation projects. Chapter "Affected communities" of this Report details the processes and actions that the company develops
- Naturgy is firmly committed to people, their development and the promotion of safe and healthy working environments. The "Own workforce" chapter of this report presents a detailed analysis of the company's policies and actions in this regard.

After the analysis, it is concluded that the requirements of the Delegated Act are met.

3. Calculation of the main indicators

a. Calculation of turnover %

The proportion of turnover referred to in Article 8(2)(a) of Regulation (EU) 2020/852 shall be calculated as the share of net turnover derived from products or services, including intangibles, associated with economic activities that align with the taxonomy (numerator), divided by net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Turnover shall include revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), adopted by Commission Regulation (EC) No. 1126/2008.

In the case of Naturgy, the numerator includes the sum of the turnover (Group 70 accounts from the General Accounting Plan) of the activities mentioned above that are eligible according to the Taxonomy. The denominator corresponds to the total balance of the Naturgy turnover.

For the calculation of the numerator data, the economic area teams of the different businesses have been asked to extract from the system the turnover data per facility for each of the activities. Once each installation has been analysed for the climate change mitigation and climate change adaptation goals, the amounts of those facilities that meet the technical criteria for each objective are aggregated separately.

In relation to the denominator, the Consolidation area provides the Consolidated Group data for the items mentioned in the Delegated Act.

Naturgy believes that the spirit of the Delegated Act on the EU 2020/852 Taxonomy is to provide companies with a tool for the promotion sustainable activities and investments. In this regard, as one of the benchmarks in renewable energy generation and vertically integrated energy sales, Naturgy is considered a key player in the promotion and development of sustainability and environmental protection.

Naturgy has estimated the indicators at consolidated group level in accordance with the provisions of Article 8 of the Taxonomy Regulation. However, to adequately reflect the spirit of the EU Taxonomy Regulation considering the vertical integration of its electricity activity, it has considered the need to adopt as a criterion in the preparation of the Turnover indicator the inclusion of sales of renewable electricity generated at its own facilities, which is not consumed by the company and is sold to third parties through marketers.

Based on the above, in the numerator of the turnover indicator of the table reported in this report, those sales of renewable electricity, generated and marketed “to end customers” through the Group’s commercialisation companies, whose production source is renewable, have been considered as eligible, as it is a vertically integrated activity.

In this regard, Naturgy has introduced the necessary control measures to ensure the correct application of the accounting principles of consolidation in the estimation of the indicators, in line with the indications proposed in the guidelines for interpretation and implementation of the Frequently Asked Questions (FAQs) published by the EU Commission Delegated Regulation (02/02/22 and 19/12/22) and the ESMA (26/02/21). Specifically in the case of the turnover indicator, i) the calculation has been made only with sales to third parties outside Naturgy (considering the premise of vertical integration discussed above); ii) it has avoided double counting of revenues in its estimate, iii) and has ensured that the analysis is based on Naturgy’s consolidated revenue data without the inclusion of internal consumption or other additional ineligible services.

Accordingly, the total reported sales are detailed in Note 3 Segment Reporting in the Notes to the 2024 Annual Consolidated Financial Report.

b. Calculation of taxonomic Capex %

The proportion of Capex referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; the denominator being the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any new valuations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator will also include additions to tangible and intangible assets resulting from business combinations.

For non-financial companies applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No. 1126/2008, Capex will cover costs that are accounted for in accordance with:

IAS 16 Property, plant and equipment, paragraph 73 (e) (i) and (iii);
IAS 40 Investment Property, paragraph 76 (a) and (b) (for the fair value model);
IAS 40 Investment Property, paragraph 79, (d), (i) and (ii), (for the cost model);
IAS 41 Agriculture, paragraph 50 (b) and (e);
IFRS 16 Leases, paragraph 53, (h).

For non-financial companies applying national generally accepted accounting principles (GAAP), Capex will integrate costs accounted for under applicable GAAP that correspond to costs included in capital expenditures by non-financial companies applying IFRS.

Leases that do not result in the recognition of a right to use the asset are not accounted for as Capex.

On the other hand, the numerator will be the portion of fixed asset investments included in the denominator which:

- is related to assets or processes that are associated with economic activities that align with the taxonomy;
- is part of a plan to expand the economic activities that align with the taxonomy or to allow economic activities eligible under the taxonomy to conform to the taxonomy ("Capex plan");
- is related to the purchase of production from economic activities that align with the taxonomy and individual measures that enable the targeted activities to become low-carbon or lead to greenhouse gas reductions, in particular the activities listed in sections 7.3 to 7.6 of Annex I of the delegated act on climate, as well as other economic activities listed in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, and provided that those measures are implemented and operational within eighteen months.

In the case of Naturgy, the denominator will be the total taxonomic Capex, which includes investments in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets, assets transferred without consideration and those additions to tangible and intangible assets resulting from business combinations. In relation to the numerator, it will only be the aggregation of the taxonomic Capex and additions of assets resulting from business combinations of the activities considered as taxonomically eligible.

In order to obtain the amount of taxonomic Capex in the numerator, the economic area teams of the different businesses were asked to extract the taxonomic Capex data from the system for each facility in each of the activities. Similarly, the amount to be included for asset additions resulting from business combinations has been requested.

In relation to the denominator, the Consolidation area provides the Consolidated Group data for the items mentioned in the Delegated Act.

c. Calculation of taxonomic Opex %

The proportion of Opex referred to in Article 8(2)(b) of Regulation (EU) 2020/852 shall be calculated as the numerator divided by the denominator; including the latter to direct non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the daily maintenance of property, plant and equipment by the company or a third party to whom activities are outsourced and which are necessary to ensure the continued effective operation of such assets.

Additionally, non-financial companies that apply national GAAP and do not capitalise right-of-use assets will include leasing costs in Opex.

On the other hand, the numerator will include the portion of operating expenses included in the denominator that:

- is related to assets or processes associated with economic activities that align with the taxonomy, including training and other human resource adaptation needs, and direct non-capitalised costs representing research and development;
- is part of the Capex plan to expand the economic activities that align with the taxonomy or to allow taxonomy-eligible economic activities to conform to the taxonomy within a predefined time frame, (18 months);
- is related to the purchase of production from economic activities that are aligned to the taxonomy and individual measures that enable the targeted activities to become low-carbon or lead to greenhouse gas reductions, as well as individual building renovation measures, as identified in delegated acts adopted pursuant to Articles 10 paragraph 3, 11 paragraph 3, 12 paragraph 2, 13 paragraph 2, 14 paragraph 2 or 15 paragraph 2 of Regulation (EU) 2020/852 and provided that these measures are implemented and operational within eighteen months.

In the case of Naturgy, for the taxonomic Opex indicator, only non-capitalised direct costs related to research and development, short-term leases and maintenance and repairs have been considered. Because of limitations in the identification within the Opex concepts used in the internal accounting of Naturgy, the other direct expenses related to the daily maintenance of tangible fixed assets, by the company or a third party to whom activities are subcontracted, and which are necessary to ensure the continuous and efficient operation of these assets, have been left out of the indicator. Consequently, the denominator will bring together the expenditure of these three items of Naturgy's total taxonomic Opex, while the numerator will be made up of the same concepts, but only of the activities recognised as eligible..

In order to obtain the amount of taxonomic Opex in the numerator, the economic area teams of the different businesses were asked to extract the taxonomic Opex data from the system (only the accounts mentioned above) for each facility for each of the activities. This extraction has been carried out on the basis of the consolidated view of the accounts.

In relation to the denominator, the Consolidation area provides the Consolidated Group data for the items mentioned in the Delegated Act.

d. Criteria considered in the calculations

In order to avoid double counting, all system extractions are made with the consolidated information of the corresponding items,.

The economic indicators for the climate adaptation objective have not been reported because the investments made to reduce exposure to climate-related physical risks (Capex) were made in previous years, as they were defined in most cases at the design stage. In relation to Opex, the items corresponding to the operation of these measures are integrated into the maintenance items of the facilities, without there being sufficient granularity to provide individualised data with the necessary rigour. In any case, their contribution to the taxonomy is taken into account, since all eligible and aligned activities for the climate adaptation objective are also eligible for the climate change mitigation objective and the corresponding economic indicators are reported in this objective.

In relation to activity 4.10. Storage of electricity, it must be considered that it is a storage system linked to the Berrybank wind farm located in Australia. As they are managed jointly, it was not possible to obtain sufficient granularity to differentiate the specific economic indicators of this plant. They are included in the indicators for the wind farm given in activity 4.3 Generation of electricity from wind power.

Results

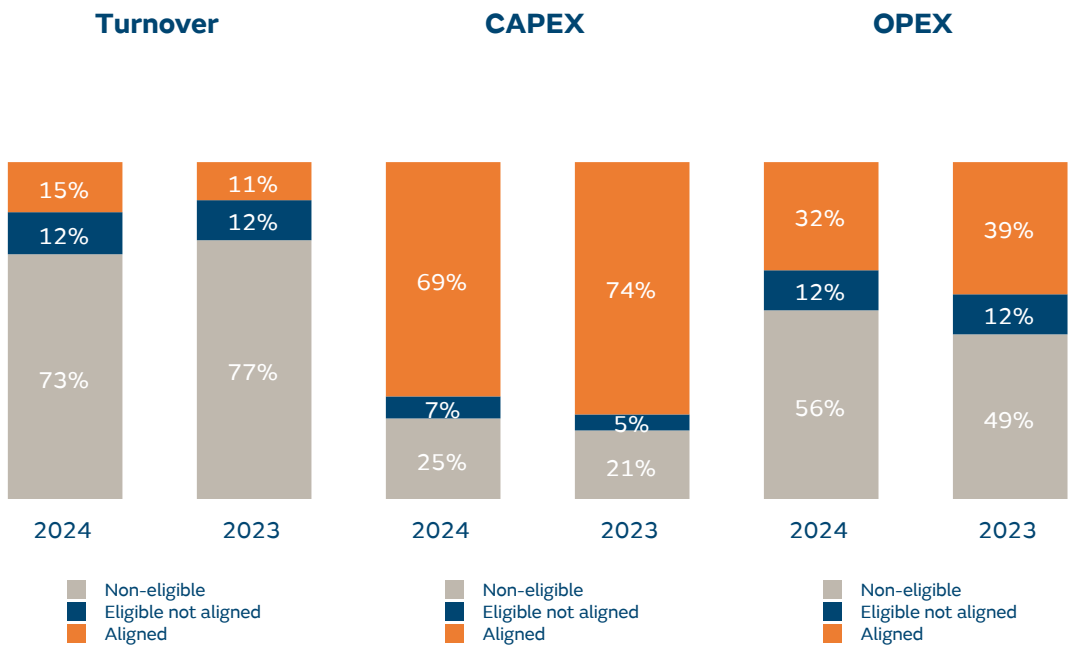
The proportion of eligible and ineligible activities according to the European Taxonomy is shown below. The results have shown different degrees of eligibility according to the indicator.

The turnover indicator shows 27% eligibility, the taxonomic Opex indicator rises to 44% eligibility and the taxonomic Capex indicator reaches 75% eligibility. The result obtained for taxonomic Capex demonstrates the solvency of a sustainable business model and the creation of long-term value in favour of the planet and people.

Compared to last year's results, the turnover figure has increased by 4%, both in alignment and eligibility.

Regarding the percentage of eligibility for taxonomic Capex, it has decreased by 4%, while alignment has also declined by 5%. This reduction in Capex indicators is due to the fact that, in the 2023 fiscal year, business combinations (transactions in which Naturgy takes control over a business; that is, through inorganic growth) in taxonomic activities amounted to €476 million, whereas no such transactions occurred in 2024. If the inorganic business combination amount from 2023 were excluded, the percentage of Capex eligibility and alignment would remain completely stable.

Finally, taxonomic Opex has decreased by 7% in both eligibility and alignment.



Below, reporting tables are included as required by the Taxonomy Delegated Act, as well as those templates required by Delegated Regulation 2022/1214 covering nuclear and gas activities. In them, we can see that after analysis of the environmental criteria, twelve of the fourteen eligible activities are 100% aligned with the EU Taxonomy (substantial contribution, do no significant harm to the other environmental objectives and compliance with the minimum safeguards). The exemptions are electricity generation from nuclear energy in existing installations and electricity generation high-efficiency co-generation of heat/cool and power from fossil gaseous fuels, all of which do not meet the substantial contribution criteria of Delegated Act (EU) 2022/1214 due to the required level of emissions per energy unit produced and because no technological improvements able to reduce said ratio are foreseen.

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- **2024 Turnover**

Financial year 2024		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		€M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of hydrogen	CCM 3.10	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Electricity generation using solar photovoltaic technology	CCM 4.01	102	1	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Electricity generation from wind power	CCM 4.03	440	2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1		
Electricity generation from hydropower	CCM 4.05	331	2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Electricity distribution and transportation	CCM 4.09	1,997	10	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	5	E	
Storage of electricity	CCM 4.10	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Anaerobic digestion of sewage sludge	CCM 5.06	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Anaerobic digestion of biowaste	CCM 5.07	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Landfill gas capture and utilisation	CCM 5.10	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes		Yes	Yes	Yes	Yes	0		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	

Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.04	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.06	15	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2,886**	**15**	**15**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**6**		
Of which Enabling		**2,013**	**10**	**10**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**8**	**E**	
Of which Transitional		**0**	**0**	**0**						Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Electricity generation from gaseous fossil fuels	CCM 4.29	2,275	12	EL	EL	N/EL	N/EL	N/EL	N/EL								12		
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	CCM 4.30	56	0	EL	EL	N/EL	N/EL	N/EL	N/EL								0		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,331**	**12**	**EL**	**EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								**12**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**5,217**	**27**	**27**	**0**	**0**	**0**	**0**	**0**								**23**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**14,050**	**73**																
TOTAL		**19,267**	**100**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	15.0%	27.1%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

▪ 2024 Capex

Financial year 2024		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Capex	Proportion of Capex	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
		€M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of hydrogen	CCM 3.10 / CCA 3.10	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Electricity generation using solar photovoltaic technology	CCM 4.01 / CCA 4.01	717	29	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	22		
Electricity generation from wind power	CCM 4.03 / CCA 4.03	346	14	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13		
Electricity generation from hydroelectric power	CCM 4.05 / CCA 4.05	15	1	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1		
Electricity distribution and transportation	CCM 4.09 / CCA 4.09	595	24	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	23	E	
Storage of electricity	CCM 4.10 / CCA 4.10	1	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Anaerobic digestion of sewage sludge	CCM 5.06 / CCA 5.06	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Anaerobic digestion of biowaste	CCM 5.07	4	0	Y	N	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Landfill gas capture and utilisation	CCM 5.10	0	0	Y	N	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15 / CCA 6.15	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	

Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	CCM 7.04 / CCA 7.04	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.06 / CCA 7.06	15	1	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,693**	**69**	**69**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**59**		
Of which Enabling		**611**	**25**	**25**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**23**	**E**	
Of which Transitional		**0**	**0**	**0**						Yes	Yes	Yes	Yes	Yes	Yes	Yes			**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from nuclear energy in existing installations	CCM 4.28 / CCA 4.28	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL								0		
Electricity generation from gaseous fossil fuels		157	6	EL	EL	N/EL	N/EL	N/EL	N/EL								5		
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	CCM 4.30 / CCA 4.30	3	0	EL	EL												0		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**160**	**7**	**7**	**0**	**0**	**0**	**0**	**0**								**5**		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**1,853**	**75**	**75**	**0**												**79**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**602**	**25**																
TOTAL		**2,454**	**100**																

Adaptation activities are aligned, which is why they are indicated in the table with “Y”, but the granularity in systems to obtain the economic data for the Key Performance Indicator is not available. For this reason the activity is reported as aligned but with amount 0.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	69.0%	75.5%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

▪ 2024 Opex

Financial year 2024		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code	Opex	Proportion of Opex	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Minimum Safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
		€M	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of hydrogen	CCM 3.10 / CCA 3.10	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Electricity generation using solar photovoltaic technology	CCM 4.01 / CCA 4.01	7	2	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1		
Electricity generation from wind power	CCM 4.03 / CCA 4.03	48	11	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	15		
Electricity generation from hydroelectric power	CCM 4.05 / CCA 4.05	13	3	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	3		
Electricity distribution and transportation	CCM 4.09 / CCA 4.09	68	16	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	19	E	
Storage of electricity	CCM 4.10 / CCA 4.10	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Anaerobic digestion of sewage sludge	CCM 5.06 / CCA 5.06	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Anaerobic digestion of biowaste	CCM 5.07	0	0	Y	N	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Landfill gas capture and utilisation	CCM 5.10	0	0	Y	N	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15 / CCA 6.15	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	CCM 7.04 / CCA 7.04	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0	E	

Installation, maintenance and repair of renewable energy technologies	CCM 7.06 / CCA 7.06	0	0	Y	Y	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	1	E	
Opex of environmentally sustainable activities (conforming to the taxonomy) (A.1)		**137**	**32**	**32**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**39**		
Of which Enabling		**68**	**16**	**16**	**0**	**0**	**0**	**0**	**0**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**20**	**E**	
Of which Transitional		**0**	**0**	**0**						Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0**		**T**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Electricity generation from nuclear energy in existing installations	CCM 4.28 / CCA 4.28	0	0	EL	EL	N/EL	N/EL	N/EL	N/EL								0		
Electricity generation from gaseous fossil fuels	CCM 4.29 / CCA 4.29	46	11	EL	EL	N/EL	N/EL	N/EL	N/EL								11		
High-efficiency cogeneration of heat/cold and electricity from gaseous fossil fuels	CCM 4.30 / CCA 4.30	4	1	EL	EL	N/EL	N/EL	N/EL	N/EL								1		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**50**	**12**	**12**	**0**	**0**	**0**	**0**	**0**								**12**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**186**	**44**	**44**	**0**	**0**	**0**	**0**	**0**										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex of ineligible activities according to the taxonomy		**240**	**56**																
TOTAL		**426**	**100**																

Adaptation activities are aligned, which is why they are indicated in the table with “Y”, but the granularity in systems to obtain the economic data for the Key Performance Indicator is not available. For this reason the activity is reported as aligned but with amount 0.

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	32.1%	43.8%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

EU Taxonomy Report (Regulation 2020/852) - II

▪ Nuclear and fossil gas related activities

The Templates required by the EU Delegated Regulation 2022/1214 are included below. As there are no aligned activities, Templates 2 and 3 do not apply in the case of Naturgy.

Template 1

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 4

This section incorporates the Templates published in the EU Delegated Regulation 2022/1214.

2024 taxonomic turnover

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	0	—%	0	—%	0	—%
2	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	0	—%	0	—%	0	—%
3	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	0	—%	0	—%	0	—%
4	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	2,275	11.8%	2,275	11.8%	0	—%
5	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	56	0.3%	56	0.3%	0	—%
6	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Turnover	0	—%	0	—%	0	—%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Turnover**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
8	**Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable Turnover**	**2,331**	**12.1%**	**2,331**	**12.1%**	**0**	**—%**

2024 taxonomic Capex

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	0	—%	0	—%	0	—%
2	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	0	—%	0	—%	0	—%
3	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	0	—%	0	—%	0	—%
4	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	127	6.4%	127	6.4%	0	—%
5	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	5	0.1%	5	0.1%	0	—%
6	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Capex	0	—%	0	—%	0	—%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Capex**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
8	**Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable Capex**	**132**	**6.5%**	**132**	**6.5%**	**0**	**—%**

2024 taxonomic Opex

		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	0	—%	0	—%	0	—%
2	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	0	—%	0	—%	0	—%
3	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	0	—%	0	—%	0	—%
4	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	37	10.7%	37	10.7%	0	—%
5	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	3	0.9%	3	0.9%	0	—%
6	Amount and proportion of taxonomyeligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the Opex	0	—%	0	—%	0	—%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the Opex**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
8	**Total amount and proportion of taxonomy eligible but not taxonomyaligned economic activities in the denominator of the applicable Opex**	**40**	**11.7%**	**0**	**11.7%**	**0**	**—%**

Template 5

Attached below are the Templates 5 for the non-eligible activity of nuclear power generation.

2024 taxonomic turnover

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	0	—%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	0	—%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	236	1%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	0	—%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	0	—%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Turnover	0	—%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Turnover**	**13,815**	**72%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Turnover**	**14,050**	**73%**

2024 taxonomic Capex

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	0	—%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	0	—%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	21	1%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	0	—%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	0	—%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Capex	0	—%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Capex**	**581**	**24%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Capex**	**602**	**25%**

2024 taxonomic Opex

Row	Economic activities	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	0	—%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	0	—%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	25	6%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	0	—%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	0	—%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation2021/2139 in the denominator of the Opex	0	—%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the Opex**	**215**	**50%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the Opex**	**240**	**56%**

Sustainable financing and investor activities that take ESG criteria into account

Since 2017 and in line with its sustainability commitment, Naturgy has a framework for the issuance of Green Bonds targeted at financing renewable energies. Under this framework, on 15 November 2017, Naturgy issued a Green Bond for an amount of Euros 800 million, maturing in May 2025. The issue pays an annual coupon of 0.875%. The Green Bond was approved by the Oekom rating agency, obtaining a B+ rating.

In the banking market, Naturgy currently has an amount of green finance amounting to 6,138 million euros, 61% (3,723 million euros) of which corresponds to loans whose cost is linked to at least one of the following indicators:

- Direct GHG emissions: three-year average reduction ($MtCO_2$/GWh).
- CO_2 intensity of electricity generation: three-year average reduction (tCO_2/GWh).
- Water consumption: three-year average reduction (hm^3).
- Women in executive positions (%).

The adjustment in the cost of debt is linked to the level of compliance and its variation from the previous year's indicators. It should be noted that the financing linked to ESG indicators basically corresponds to credit lines that have not been drawn down.

The following table shows the evolution of ESG indicators to which these sustainable financing instruments are linked.

- **ESG indicators of sustainable financing**

	2024	2023
Direct GHG emissions: three-year average reduction ($MtCO_2eq$)	12.9	13.4
CO_2 intensity of electricity generation: three-year average reduction (tCO_2/GWh)	254	263
Water consumption: three-year average reduction (hm^3)	17.4	17.0
Women in executive positions [1] (%)	37.4	34,5 [2]

(1) The percentage of women in management positions in Spain is 39.6% (36.1% in 2023), in line with Naturgy's Sustainability Plan target of 40% by 2027.

(2) The figure reported differs from that published in 2023 due to a change in the calculation methodology in 2024.

In addition, Naturgy has several loans granted by the European Investment Bank (EIB) amounting to 1,478 million euros for projects of activities that help mitigate climate change, specifically in electricity networks and electricity generation projects with renewable technologies that are aligned with the EU Taxonomy.

1. Climate Change (E1)

Integration of sustainability-related performance in incentive schemes (GOV-3)

E1.GOV-3_01; E1.GOV-3_02 Naturgy is one of the main actors in the energy sector in Spain and in the Latin America regions where it operates. The company's operating sector is considered to have high climate impact, in terms of greenhouse gas (GHG) emissions and consumption of natural resources.

Consequently, Naturgy has positioned itself as an asset in energy transition and in the fight against climate change. To this regard, it has established a strategy driven by the governing bodies that must be applied and developed by all hierarchical levels of the company.

In the General disclosures chapter of this Report and, more specifically, in section "GOV-3 Integration of sustainability-related performance in incentive schemes", the remuneration system of the administrative, management and supervisory bodies and the integration of sustainability therein have been explained. Thus, in addition to the fixed annual remuneration, and in the same period, the Executive Chairman and the management team receive a variable incentive that depends on different economic-financial, operational and sustainability variables. The weighting of objectives linked to sustainability or ESG aspects is 20%, and 5% corresponds to environmental aspects. At present, the criteria used are indirectly associated with climate variables such as the reduction of GHG emissions, as the 5% indicated is fully associated with the achievement of the company's emission-free electricity generation installed capacity targets.

Transition plan for climate change mitigation (E1-1)

Climate change and its consequences are considered priority matters for Naturgy's strategic planning process. The urgent need to involve all actors in the sector, administrations and civil society to achieve the goal of Net Zero emissions by 2050, in line with the Paris Agreement, through a clean, just and competitive energy transition, is an innovation and investment driver with the ultimate aim of mitigating the effects of climate change and finding new solutions to reduce human impact on environment.

E1-1_01; E1-1_13; E1-1_14 Naturgy's strategy on climate change has been a priority matter for years and was included in the 2021-2025 Strategic Plan currently in force, although there has been a significant update during this year. In this regard, Naturgy has approved the Strategic Plan 2025-2027, which endorses the group's commitments in terms of promoting the use of less carbon-intensive technologies and more efficient energy consumption. For the operational development of the new Strategic Plan, on 18 February 2025, the Board of Directors has also approved the Climate Transition Plan, which establishes the lines of action that Naturgy will develop in the medium- and long-term for climate change mitigation and adaptation. Thus, this Transition Plan is established as an integral part of the company's strategy and the financial planning for the coming years is aligned with the lines of action that comprise it.

E1-1_12 At present, Naturgy is excluded from the EU Paris-aligned benchmarks because of the revenues obtained in its natural gas distribution activity. However, it is worth mentioning the company's commitment to promote alternative solutions such as biomethane or green hydrogen, which are neutral in terms of greenhouse gas (GHG) emissions. Natural gas is also considered the fossil fuel with the lowest climate impact and is necessary as back-up power in the development of renewable energies.

Climate Transition Plan associated targets

Naturgy voluntarily assumes the commitment to be a key actor in energy transition towards a circular and decarbonised economy model, in line with the objectives of the Paris Agreement. Therefore, the company is committed to achieving Net Zero emissions in 2050, considering all the scopes of the carbon footprint and prioritising the 1.5ºC reduction pathways where feasible, subject to the energy and regulatory policy of each of the countries where it operates, establishing intermediate emission reduction targets and minimising the use of compensation mechanisms.

Naturgy has set the following GHG emission reduction targets for 2030:

- Reduce the Group's Scope 1 and Scope 2 emissions to 9.70 $MtCO_2eq$ in 2030, a 36% reduction in GHG emissions from the base year 2022. This target is aligned with the 1.5°C reduction path set by the Paris Agreement. This target is split into Scope 1 and Scope 2 emissions as follows:
    - Reduce Scope 1 emissions from 14.74 $MtCO_2eq$ in the base year 2022 to 9.35 $MtCO_2eq$ in 2030, a reduction of 37%, a 54% reduction compared to 2017.
    - Reduce Scope 2 emissions from 0.36 $MtCO_2eq$ in the base year 2022 to 0.35 $MtCO_2eq$ in 2030, a reduction of 4%, a 74% reduction compared to 2017.

- Reduce Scope 3 emissions in Spain to 30.7 $MtCO_2eq$ in 2030, a 22% reduction compared to the base year 2022. This target is aligned with the Well Below 2 Degrees (WB2D) reduction pathway of the cross-sector SBTi.
- Reduce the Group's Scope 3 emissions to 101.6 $MtCO_2eq$ in 2030, a 8% reduction compared to the base year 2022.

In addition, Naturgy has the following objectives for 2050:

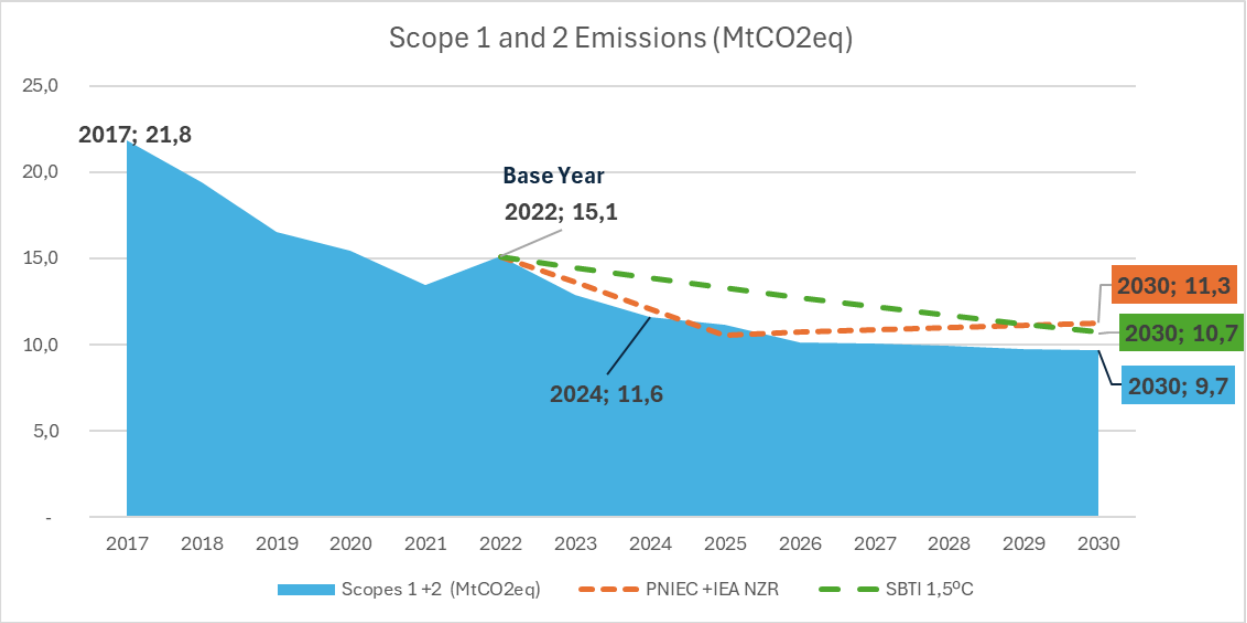
- Achieve the Net Zero target for the group's Scope 1 and Scope 2 emissions.
- Achieve the Net Zero target for Scope 3 emissions in Spain.

All these targets include 100% of emissions and all greenhouse gases (GHG).

E1-1_02 The targets set for Scope 1 and Scope 2 in 2030 are aligned with the 1.5ºC reduction pathway, following the references below:

- In Spain: Integrated National Energy and Climate Plan (PNIEC) 2023-2030.
- In the other countries where no national plans exist, the International Energy Agency (IEA) NET Zero Road Map (2023) reference has been used.
- This target is consistent with the cross-sector pathway set by SBTi for Scopes 1 and 2 with 1.5ºC, detailed in the document "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".

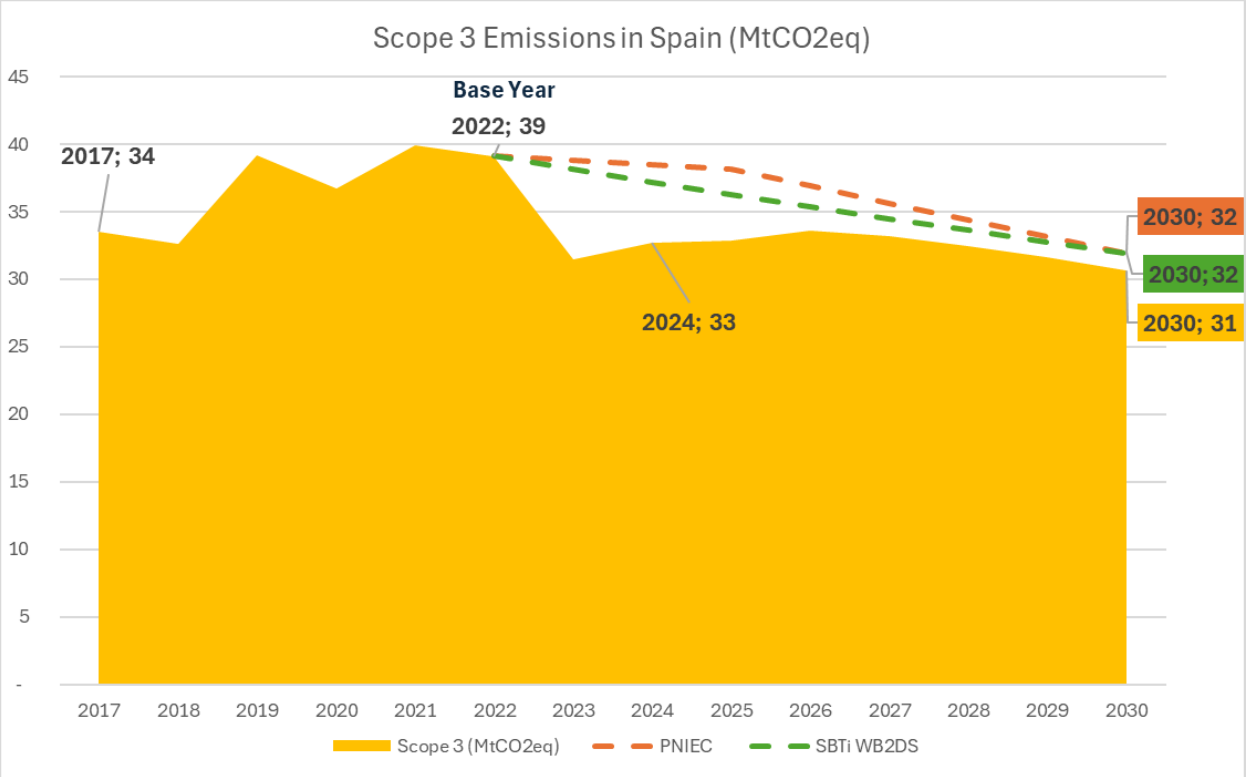
The following graph shows how Naturgy's estimated Scope 1 and 2 emissions in 2030 are below the 1.5ºC reference pathway:



On the other hand, the targets set for Scope 3 in Spain are aligned with the WB2DS reduction pathway, following the references below:

- Integral National Energy and Climate Plan (PNIEC) 2023-2030.
- Cross-sector pathway marked by SBTi for Scope 3 for WB2DS, in the document "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".

The following graph shows how the estimated Scope 3 emissions in Spain in 2030 are below the path set by the WB2DS:



E1-1_07 Given that the energy sector is a strategic sector for world economies, provides an essential service and is subject to government policies, Naturgy's achievement of the climate neutrality target is subject to the energy and regulatory policies of each of the countries where it operates. With this safeguard, and independently of the development of other technologies to reduce or capture GHG, Naturgy has estimated that the locked-in emissions for 2050 might be zero (or approximately zero), since, in any case, by that date all thermal power generation plants owned will have completed their useful life and the long-term contracts of LNG tankers will have ended (see note 4 “Non-financial asset impairment losses”, section "Information on tests performed" of the Annual Consolidated Financial Report).

Climate Transition Plan action lines

E1-1_03 In line with the provisions of the Climate Transition Plan, Naturgy will continue to promote and lead a business model, and an investment plan fully aligned with the energy trilemma: security of supply, accessibility and affordability of energy and mitigation of environmental impact.

Naturgy's Strategic Plan 2025-2027 envisages continuing to invest in energy transition, allocating the main investments to renewable energies, electricity grids and renewable gases. It also plans to continue developing energy solutions that promote efficiency at a competitive cost for customers.

In this regard, the main Climate Transition Plan action lines, included in the Strategic Plan, emanate from an integrated electricity and gas business model that promotes the decarbonisation of energy through technological neutrality and at the lowest possible cost for consumers, specifically:

- Promote solar and wind renewable energies in electricity generation together with the necessary growth of electricity grids, with the back-up power provided by natural gas combined-cycle power stations guaranteeing security of supply.
- Developing renewable gases as a decarbonisation lever of natural gas through biomethane produced from organic waste and, in the medium-/long-term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost for the consumer, circular economy with the use of waste or surpluses and the economy in rural areas.

- Offer products and services that promote efficiency and are carbon-neutral at competitive prices to consumers and end-users.
- Increased electrification of final demand in those uses where it is most efficient.

It should be noted that the estimate of cash flows for the value-in-use of each of the cash generating units corresponding to Naturgy's businesses, as required by accounting regulations, has taken into account the current state of the assets at closing date, and therefore does not include future investments due to technological changes or those strategic investments foreseen in energy transition.

In order to achieve Climate Transition Plan's 2050 targets, the following action levers will be taken into consideration[4]:

Electricity generation

Spain

The Net Zero 2050 objective for Scopes 1, 2 and 3 is based on investment in renewable energies that will gradually displace production with gas combined-cycles over time, up to the point at which storage technologies are developed and security of supply allows it. All of this will be in line with the country's energy policy.

The target proposes, thus, to use all the installed power of gas combined-cycle power stations as a back-up unit until the end of their useful lives, provided that security of supply is guaranteed. The cash flow projections used in the impairment tests of Naturgy's gas combined-cycle facilities in Spain foresee their operation until the end of their useful lives, which in all cases will occur before 2050, so it is estimated that at the end of that year the net carrying amount of these assets will be zero.

Mexico

The Net Zero 2050 target for Scopes 1 and 2 and by extension Scope 3 can be met through combined-cycle power stations closure at the end of their useful life, subject to the country's energy policy for security of supply.

As is the case of Spain, the impairment tests for gas combined-cycle power stations in Mexico foresee their use until the end of their useful lives, which will occur before the end of 2050.

Dominican Republic

The Net Zero 2050 target for Scopes 1, 2 and, by extension, Scope 3 can be met by closing the fuel oil-thermal power plant at the end of its useful life, subject to the country's energy policy for security of supply. The financial projections for the case of the Dominican Republic foresee the operation of the Palamara and La Vega facilities until the end of their useful life, which are estimated to be extended to cover the period of the strategic plan.

Distribution and marketing of natural gas

Spain

The Net Zero 2050 target for Scope 3, the most significant for this business, can be met taking into consideration, on the one hand, a foreseeable decrease in natural gas demand due to energy policies associated with electrification and, on the other hand, the development of renewable gases, mainly biomethane in the short term. In this regard, the PNIEC 2023-2030 sets a biogas/biomethane target of 20 TWh to cover gas demand by 2030.

In this regard, Naturgy foresees a target of distributing and marketing 1.1 TWh of biomethane in 2027.

[4] Supplementary financial information on the Climate Transition Plan action lines can be found in Note 2.24.25 k "Climate change and Paris Agreement" of the 2024 Annual Consolidated Financial Report.

In the case of the Net Zero 2050 objective for Scope 1 for gas distribution activity, actions are planned to reduce fugitive emissions from networks and compensate, when it is no longer possible to reduce the remaining emissions. The volume these locked-in emissions represent in the total carbon footprint of Naturgy as a whole, in 2024 was 0.04%.

Based on the assumptions considered, Naturgy determined that it has not been necessary to re-estimate the useful life of the assets as a result of, direct or indirect, potential impacts arising from climate change, even for the particular case of gas networks, considering the expected use, in the short- and medium-term, of renewable gases without foreseeing significant investments for their adaptation.

With regard to commercialisation assets, it is considered that a decrease in natural gas demand could be compensated by the effects of the electrification of the economy and the commercialisation of renewable gases.

Latin America

Net Zero 2050 target in Scope 3, the most significant of this business, could be met taking into account, on the one hand, a foreseeable decrease in natural gas demand due to energy policies associated with electrification and, on the other hand, a potential development of biomethane. In this sense, the development of biomethane in the countries where the company distributes and commercialises gas is incipient, so therefore, a Net Zero 2050 target has not been established to date in this Scope 3.

In the case of the Net Zero 2050 target for Scope 1 of the gas distribution activity, actions are planned to reduce fugitive emissions from networks and compensate, when it is no longer possible to reduce them, the remaining emissions. The volume these locked-in emissions represent of Naturgy's total carbon footprint in 2024 was 0.7%.

In the case of financial projections related to gas distribution assets in Argentina, Brazil, Chile and Mexico, the same strategy applied in Spain is foreseen, although with a slower implementation and always in line with the energy policies of each country.

Electricity Distribution

The Net Zero 2050 target for Scopes 1, 2 and only for Spain in the case of Scope 3 can be met through the progressive decarbonisation of the electricity systems in which Naturgy operates at the pace set by the countries where this activity is maintained. On the other hand, the remaining technical losses due to Joule effect can be compensated as they are negligible over the total.

Natural gas/LNG procurement

The Net Zero 2050 target can be met depending on the foreseen completion of supply contracts, however, this situation is subject to the conditions of security of supply and energy policies of the countries to which it is destined, so that Naturgy can not establish Net Zero 2050 commitment to date in this activity.

Progress in the implementation of the Climate Transition Plan E1-1_15

In relation to the Climate Transition Plan targets, the following progress has been made in 2024 compared to the base years 2017 and 2022:

- Scope 1 and 2 emissions have been reduced by 45% compared to 2017 and by 21% compared to 2022.
- Scope 3 emissions have been reduced by 25% compared to 2017 and by 2% compared to 2022.
- There has been an increase of 3,786 MW (109%) in installed capacity from renewable sources compared to 2017, and 1,792 MW (33%) compared to 2022.
- The company's renewable gas production and injection capacity in its distribution networks stands at 0.35 TWh.

- The group's emissions intensity, measured in tCO_2/GWh, has been reduced by 40% compared to 2017 and by 16% compared to 2022.

E1-1_04; E1-1_05; E1-1_06 In order to achieve the objectives of the Climate Transition Plan, Naturgy has planned an investment of 6.4 billion euros in the period of the Strategic Plan 2025-2027, noting that investments for the development of electric renewable energies, development of electricity grids and development of renewable gases, especially biomethane, reach 3.8 billion euros, 59% of the total.

This investment would be almost entirely aligned with the European Taxonomy Regulation (EU) 2020/852 as far as CapEx is concerned. In turn, it is envisaged to finance the investment plan applying the financial discipline of recent years and in any case maintaining a debt rating of BBB.

E1-1_09; E1-1_10; E1-1_11 CapEx invested in the 2025-2027 reference period in natural gas and LPG networks-related activities are up to 1.5 billion euros, 24% of the total, mainly for their proper operation and maintenance and, to a lesser extent, to the increase of networks in Latin American countries where the company has this activity and where investments are required for reasons of security of supply or energy planning of the country. On the other hand, CapEx in electricity generation with natural gas combined-cycle power stations-related activities amount to 0.4 billion euros, 7% of the total, also earmarked for the proper operation and maintenance of these facilities and in any case for expansion.

E1-1_08 For economic activities subject to Taxonomy, but not aligned with the previously mentioned Regulation, Naturgy's Transition Plan foresees the following:

- In combined-cycle power stations electricity generation, Naturgy foresees a dependence reduction on them in the long-term, until their eventual complete replacement by renewable sources, in order to meet the Net Zero target in 2050 as detailed above.
- In the natural gas and LPG networks in Spain, Naturgy foresees a gradual substitution of the fossil fuel they carry for renewable gases (biomethane and green hydrogen), in order to meet the Net Zero target in 2050. In case of natural gas networks in Latin America, this substitution by renewable gases may require a different speed to the development in Spain, being the reason why no targets have been set for 2050.

The implementation of the Transition Plan is carried out through different concrete initiatives, which will be described in section "E1-3 Actions and resources in relation to climate change policies" of this chapter.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

E1.SBM-3_01 Climate change is one of the key topics for Naturgy at a strategic level, as highlighted in its Climate Transition Plan described in the previous section. That is why the company has analysed climate change exhaustively on the double materiality assessment, whose methodology is explained in the section "Description of the process to identify and assess material impacts, risks and opportunities" in the General disclosures chapter of this Report.

The climate change analysis has focused on three key sub-topics: mitigation, adaptation and energy management, having concluded that they are all material from both an impact and financial perspective. The full list of impacts, risks and opportunities, which are managed through the different adaptation and mitigation measures included throughout this chapter, is presented below.

		Value chain (2)(3)	Business (4)	Time horizon (5)
CLIMATE CHANGE				
Climate change adaptation				
P.I.(1)	Adaptation to the effects of possible droughts derived from climate change through the regulatory capacity of the reservoirs associated to hydroelectric power stations, which provide protection against floods due to intense rains and droughts mitigation	OO	Electricity	Current
R	Damage to facilities, loss of production, and/or prolonged interruption of power generation and distribution businesses due to extreme winds, tropical cyclones, floods, extreme rainfall, and fires.	VC	Both	Short-term
Climate change mitigation				
N.I.	Impact on climate change due to direct GHG emissions (scope 1).	OO	Both	Current
	Impact on climate change due to indirect GHG emissions associated to energy (scope 2).	OO	Electricity	Current
	Impact on climate change due to indirect GHG emissions (scope 3).	VC	Gas	Current
R	Displacement of natural gas due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	VC	Both	Short-term
	Litigation and sanctions related to an alleged liability of the company or sector in relation to the effects of climate change.	VC	Both	Short-term
Energy				
N.I.	Impact due to the depletion of fossil fuels (natural gas and, to a lesser extent, petroleum derivatives).	VC	Both	Current
P.I.	Contribution to the energy transition and the decarbonisation of the economy by replacing fossil energies with renewable energies (wind, solar, biomethane, hydrogen).	OO	Both	Current
O	Regulatory impulse of the development of biomethane and green hydrogen as an energy vector for storage and blending in gas networks in order to guarantee their sustainability in a decarbonised future.	VC	Gas	Medium-term
	Regulatory impulse of the development of renewable electricity generation projects.	OO	Electricity	Short-term
	Regulatory impulse of new energy storage projects (reversible hydroelectric plants, batteries, etc.) to support renewable generation mixes.	OO	Electricity	Medium-term
	Regulatory impulse that leads to an improvement of electricity grids through their digitalization.	OO	Electricity	Short-term
	Regulatory impulse of new business models based on energy efficiency, distributed generation, decarbonised energy sale, etc.	OO	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

In terms of material impacts, direct and indirect greenhouse gas emissions are the main focus of current Naturgy's concern. Thus, failing to reduce emissions at intersectoral level is a direct impact driver on climate change, with the consequent damage to the environment and society in general. Given that this problem is already occurring today, Naturgy has been taking them into account in the company's strategic planning for years, being the reason why it has updated its commitments and climate roadmap in the Climate Transition Plan, detailed in the previous section, the aim of which is to establish medium- and long-term targets to reduce its own emissions and those of its value chain and mitigate the impacts. Naturgy's performance in this area in recent years can be consulted in section "Gross Scopes 1, 2, 3 and Total GHG emissions" of this chapter.

Another priority issue for Naturgy, which is related to the above, is climate change adaptation. Being carried out preventively from design and planning and taking into account the climate and nature risks analyses of (the latter are detailed in chapter "Biodiversity and ecosystems"), it involves improving the resilience of activities and assets, both its own and those of the value chain. Otherwise, the impacts and associated risks may be greater.

As a complement, and derived from the sector in which it operates, energy management and the transition to a low-carbon economy are challenges that at the same time present relevant opportunities for Naturgy as an integrated electricity and gas company. In this regard, decarbonisation and energy efficiency have been and will be transformation levers to implement the Climate Transition Plan and the financial plan for the coming years.

In terms of risks, Naturgy has observed that these are transversal to its value chain. On the one hand, the physical consequences of climate change may be detrimental to the normal development of upstream and downstream value chain operations, and to the integrity of certain company assets. On a different level, the current conception of the business model may be affected by changes in users consumption habits (in a commitment to purchase or contract low-carbon products and services, instead of traditional solutions such as natural gas) or by climate regulation in the different countries where Naturgy operates, which are more demanding as the energy transition progresses.

Finally, in terms of opportunities, regulation itself could induce a change in the paradigm of the energy sector, both in the gas and electricity business. In the first case, the commitment of countries to greater renewable gases injection such as biomethane or green hydrogen would favour an activity with a lower impact in terms of greenhouse gas emissions in an efficient manner and better use of existing resources and infrastructures. On the other hand, in relation to the electricity market, government support for new solutions for electricity storage, as well as for the digitalisation of electricity grids, would allow for optimisation that would benefit all market actors and society in general.

Climate risk and opportunity assessment according to TCFD

The financial materiality of climate change double materiality assessment is based on a climate-related risks and opportunities analysis, which provides a realistic view of the potential financial impact in the short-, medium- and long-term. For this analysis, it is essential to distinguish between the concept of **physical** and **transition** risks and opportunities. As a context, and with the aim of creating a common and consistent framework at global level for the consideration of economic risks derived from global warming, the Taskforce on Climate-related Financial Disclosures, TCFD, created by the FSB (Financial Stability Board), established in 2017 a definition and categorisation of these risks that has today become the global reference standard. Specifically, the risks arising from physical events or changes and those arising from the transition to a low-carbon economy are detailed below:

- **Physical risks and opportunities**: those arising from the increasing severity and frequency of extreme weather events (acute physical risks) or from a gradual, long-term change in the earth's climate (chronic physical risks). They can affect companies directly through damage to their assets or infrastructure or indirectly by disrupting their operations or making their activities unviable. These extreme weather events, both chronic and acute, could also lead to an increase in one-off or chronic energy demand and therefore business opportunities for the company.

- **Transition risks and opportunities**: the commitments made by the Paris Agreement signatories and the consequent transition to a decarbonised production system imply a drastic transformation of the global economy through significant changes in regulations, the market or technology, and transversally in the reputation of companies. These changes entail significant risks for companies, but also opportunities.

Physical and Transitional Risks and Opportunities Classification according to TCFD

RISKS		OPPORTUNITIES	
Physical	**Transition**	**Physical**	**Transition**
Acute	**Political-legal**	**Acute**	**Energy sources**
Increased severity of extreme weather events such as cyclones, hurricanes or flooding	Climate change policy developments	Revenue growth due to increased electricity demand in the face of increasing frequency of extreme cold and heatwaves	Investment in renewable energy generation
Chronic	**Market**	**Chronic**	**Products and services**
Long-term changes in weather patterns (rising sea level and temperatures, changes in precipitation patterns, etc.)	Changes in supply and demand for certain raw materials, products and services	Revenue growth due to increased electricity demand from warmer temperatures	Developing low-emission products and services to take advantage of changing preferences
	Technology		**Market**
	Structural technological changes favouring the transition to a lower carbon and more energy-efficient system		New markets or diversification of activities
	Reputational		**Resource efficiency**
	Changes in perceptions of contribution or detraction to the transition to a lower carbon economy		Improving the efficiency of production and distribution processes
			Resilience
			Climate resilience to better manage the associated risks and opportunities

Climate change risks and opportunities assessment E1.SBM-3_06

E1.SBM-3_02; E1.SBM-3_03; E1.SBM-3_04 During 2024, Naturgy has updated the climate-related physical and transition risks and opportunities analysis for each of its businesses, considering a series of scenarios determined by different international bodies.

In this regard, a qualitative analysis and an approximation of the anticipated financial effects from climate risks and opportunities could be made and more information can be found in section "Anticipated financial effects from material physical and transition risks and potential climate-related opportunities" of this chapter.

E1.SBM-3_05 The time horizons considered in the risk analysis are: short-term, 2025-2030, medium-term, until 2040, and long term, until 2050. The use of time horizons different to those established by the ESRS is due to the fact that, in the case of climate risks and opportunities, Naturgy considers that they provide a more realistic vision in terms of probability of occurrence and financial impact, in line with TCFD. For more information on the time horizons taken into account in the assessment of the rest of impacts, risks and opportunities, refer to section "Disclosures in relation to specific circumstances" in the General disclosures chapter of this Report.

The results of this analysis are presented below:

Identification of physical risks and opportunities

Classification	Type of risk / opportunity	Potential impacts for Naturgy	Businesses with material impact
Acute physical risks	Extreme winds (cyclone, hurricane, gale)	Damage to facilities, loss of production and/or prolonged business interruption caused by an increased frequency of extreme events associated with strong wind gusts.	RE / GT / GS
	Extreme rainfall-flooding	Damage to facilities, loss of production and/or prolonged business interruption caused by increased frequency and intensity of extreme events associated with rainfall and flooding.	GH
	Forest fires	Damage to facilities, loss of production and/or prolonged business interruption caused by an increased incidence of extreme events associated with forest fires.	RE
Chronic physical risks	Sustained temperature increase effects	Damage caused by a gradual and sustained increase in global's average temperature over time. Reduction in demand, distribution and commercialisation of gas, inducing profit and earnings losses.	GT / A / RG / Com
	Increase in insurance premiums	Increased expenses due to higher insurance premiums associated with higher occurrence of extreme events.	Corp

Corp: Corporation; RE:Electricity grids; GS: Solar generation; GE: Wind generation; GH: Hydropower generation; GT: Thermal generation; A: Procurement; RG: Gas networks; Com: Commercialisation; GRen: Renewable gases

Identification of physical risks and opportunities

Classification	Type of risk / opportunity	Potential impacts for Naturgy	Businesses with material impact
Transition risks	Natural gas displacement due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	Decline in gas demand due to energy transition, changes in consumption habits and customers' predisposition towards more sustainable technologies and products affecting LNG distribution, commercialisation and trading businesses, resulting in a decrease in revenues and a loss of long-term value of distribution assets.	A / RG / Com
	Market risk affecting thermal power generation	Decline in thermal electricity generation due to a displacement of thermal generation by a higher share of renewable energies may impact the results and the value loss of thermal generation assets.	GT
	Litigation and sanctions related to alleged liability of the company or sector for climate change effects.	Derived financial penalties and negative reputational impact.	Corp
Transition opportunities	Regulatory impulse for the development of biomethane and green hydrogen.	Revenues associated with new business lines (renewable gases). Exploitation of existing natural gas infrastructures.	GRen / RG
	Regulatory impulse for the improvement of electricity grids through their digitalisation.	Increased electricity demand due to increased electrification rate. Revenues associated with increased electricity distribution and commercialisation.	RE
	Regulatory impulse for the development of renewable electricity generation projects.	Revenues associated with renewable electricity generation, and increased provision of electricity guarantees of origin.	GE / GS/ GH
	Regulatory impulse of new business models and services based on energy efficiency, distributed generation, sale of decarbonised energy, etc.	Optimisation of costs associated with national final energy savings obligations through CAEs management. Increased benefits from self-consumption and distributed generation services.	Com

Corp: Corporation; RE:Electricity grids; GS: Solar generation; GE: Wind generation; GH: Hydropower generation; GT: Thermal generation; A: Procurement; RG: Gas networks; Com: Commercialisation; GRen: Renewable gases

Resilience of the company's strategy and business model E1.SBM-3_07

Naturgy has reduced its GHG emissions by 27% between 2017 and 2024, decoupling them from EBITDA generation, which has increased by 37% in the same period of time. These results endorse the solvency of the company's climate and business strategy and the Climate Transition Plan established puts it in a favourable position to address transition risks and ensure its long-term resilience.

The company's short-, medium- and long-term planning is aligned with Paris Agreement commitments and the agreements reached at COP 28 in Dubai, to carry out an energy transition in a just, orderly and equitable manner to achieve net zero emissions by 2050, tripling renewable energy and doubling energy efficiency by 2030 and gradually replacing fossil fuels with low-carbon energy. Additionally, in Spain, it is also consistent with the update of the Integrated National Energy and Climate Plan for 2023-2030 (PNIEC). This is described in Note 2.24.25 k “Climate change and Paris Agreement” of the Annual Consolidated Financial Report, where the impacts of climate risks on the financial statements are explained.

On a recurring basis, the company will continue to update its operational and energy transition plans based on the evolution of all the factors that influence the climate risks assessment. In this regard, Naturgy voluntarily assumes the commitment to be a key actor in energy transition towards a circular and decarbonised economy model, in line with Paris Agreement objectives. Therefore, the company is committed to achieving net zero emissions in 2050, considering all the scopes of the carbon footprint and prioritising the 1.5ºC reduction pathways where feasible, subject to the energy and regulatory policy of each of the countries where it operates, establishing intermediate emission reduction targets and minimising the use of compensation mechanisms.

It should be noted that the climate risks and opportunities analysis helps Naturgy guide its strategic decisions, given that it enables it to assess the situation of the company's assets and business activities and their possible future evolution. Therefore, for the risks and opportunities described above, Naturgy develops mitigation, adaptation and utilisation activities as applicable, allowing a rapid adaptation of its strategy according to the needs of each case.

Management of main climate-related physical risks

Classification	Type of risk	Management and mitigation measures	Adaptation measures
Acute physical risks	Extreme winds (cyclone, hurricane, gale)	Consideration of extreme weather events during the infrastructure design process and integration of necessary mitigation measures during construction and operation. Property damage/loss of profit policies, environmental liability and land liability. Continuously updated emergency plans for all facilities. Emergency and breakdown management plans.	All facilities are designed to operate in extreme weather conditions and have rules of engagement in case of severe weather warnings.
	Extreme rainfall-flooding		Use of reservoirs and regulation of ecological flows. In case of extreme floods caused by heavy rainfall, use of reservoirs as key elements to mitigate the associated risks. Conducting studies to assess the structural and functional capacity of dams to adequately mitigate floods, transforming this risk into an opportunity. Greenfield developments have prior hydrological and geological studies for the reinsurance of these assets if they are located in flood-prone areas.
	Forest fires	Property damage/loss of profit policies, environmental liability and land liability. Innovative projects for the improvement of felling and pruning work for the maintenance of power line buffer strips.	GALA electricity distribution project, which consists of a digital model for the networks to detect vegetation areas proximity using drone images and to programme felling and clearing for the maintenance of the buffer strip. All facilities are equipped with fire protection systems.

	Sustained temperature increase effects	All facilities are designed to operate in extreme weather conditions, taking into account extreme weather events. All risks to employees are assessed, including the effects of heat waves	Increase the contribution of the electricity businesses, both the promotion of electrification and the development of renewable generation and renewable gases for the gas businesses (see management and adaptation measures in Transition Risks).
Chronic physical risks	Increase in insurance premiums	Efficiently manage the procurement of insurance policies to ensure maximum coverage of incidents and potential losses, minimising both premium costs and damages potential costs. This is achieved through the contracting of the Consortium (in Spain), the consideration of synergies between the Group's businesses and by applying a series of operational measures such as maintaining an adequate risk management policy, maintaining operational rigour, developing asset maintenance plans following recommendations from insurers and technologists, building long-term relationships with insurance markets as well as retaining certain risks within the Group's Captive.	Consideration in the calculation of premiums of the good practices of infrastructure operation and risk management employed by Naturgy that reduce the possible damages derived from extreme weather events.

Management of main climate-related transition risks

Classification	Type of risk	Management and mitigation measures
Transition risks	Natural gas displacement due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	The Climate Transition Plan and financial plans envisage continued investment in energy transition, with the main investments in renewable energies, electricity grids and renewable gases. In addition, it is planned to continue developing energy solutions that promote efficiency at a competitive cost for customers. In this regard, the main action lines of the Climate Transition Plan, included in the Strategic Plan, emanate from an integrated electricity and gas business model that promotes energy decarbonisation through technological neutrality and at the lowest possible cost for consumers, specifically: – Promote solar and wind renewable energies in electricity generation together with the necessary growth of electricity grids, counting on the back-up power provided by natural gas combined-cycle stations that guarantee security of supply. – Develop renewable gases as a natural gas decarbonisation lever through biomethane produced from organic waste and, in the medium/long-term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost for the consumer, circular economy with the use of waste or surpluses and the economy in rural areas. – Offer products and services that promote efficiency and are carbon neutral at competitive prices to consumers and end-users. – Increased electrification of final demand in those uses where it is most efficient.
	Market risk affecting thermal power generation.	
	Litigation and sanctions related to alleged liability of the company or sector for climate change effects.	Naturgy has a governance and compliance structure to efficiently manage all aspects of sustainability and ESG aspects, id est, the current and future impacts, risks and opportunities that apply to Naturgy. Likewise, Naturgy has voluntarily undertaken the commitment to be a key actor in energy transition towards a circular and decarbonised economy model.

Management of main climate-related physical risks

Classification	Type of opportunity	Management and utilisation measures
Transition opportunities	Regulatory impulse for the development of biomethane and green hydrogen.	The impulse and innovation for renewable gas development (biomethane and green hydrogen) will make it possible to provide a new energy product, which can replace natural gas, but with neutral CO_2eq emissions in a circular economy model. Renewable gas will maintain the value of distribution network assets in the long-term and allow customers to decarbonise the energy they use with minimal changes to their facilities, in a more efficient way thanks to existing gas infrastructures.
	Regulatory impulse for the improvement of electricity grids through their digitalisation.	Growth in the electricity distribution and commercialisation business associated with the growing trend of economy electrification, as well as the increase in the global average temperature.
	Regulatory impulse for the development of renewable electricity generation projects.	Development of new renewable projects to decarbonise power generation. Reduce investment costs compared to other technologies. Positioning in a renewable energies-linked market (Power Purchase Agreement, Guarantees of Origin, etc.). In the medium-term, combined-cycle power stations represent the best possible back-up for renewable energy.
	Regulatory impulse of new business models and services based on energy efficiency, distributed generation, sale of decarbonised energy, etc.	Impulse in energy efficiency by investing in real energy efficiency actions through the management of Energy Saving Certificates (CAEs). Optimisation of the costs associated with the annual obligation to contribute financially to the National Energy Efficiency Fund (FNEE), taking into account the energy saving targets of the obligated parties. Commitment to energy service companies (ESCOs) business models. Development of new services to promote renewable self-consumption among customers, currently launched through Naturgy Solar.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities (IRO-1)

The identification of impacts, risks and opportunities, applicable to Naturgy's operations and its value chain, related to climate change, has been conducted as from the 2024 double materiality assessment. For more information on the methodology used, the section "Description of the processes to identify and assess material impacts, risks and opportunities", in the General disclosures chapter of this Report can be consulted.

In the particular case of the impacts evaluated, there has been paid special attention to actual and potential GHG emissions along the value chain, given their direct link to climate change, and in line with the Paris Agreement, the European Climate Law, and Naturgy's own ambition in terms of climate neutrality. Therefore, and as every year, Naturgy has calculated and disclosed its total emissions, according to the three scopes, and has analysed the possible future evolution of its assets and business relationships in this matter.

Furthermore, as introduced in the previous section, the financial materiality assessment relies on a climate-related physical and transition risks and opportunities analysis, based on the following inputs:

- The international TCFD framework.
- The company's risk policies and risk profile to identify what is an acceptable level of risk.
- Context analysis of potential theoretical scenarios, where public projections by international organisations, as well as internal assumptions based on the specific characteristics of each business, were taken into consideration.
- E1.IRO-1_16 The scenarios used are compatible with the Climate Transition Plan and the financial strategy 2025-2027.
- E1.IRO-1_05 Consideration of various time horizons for carrying out sensitivity analyses of the defined climate scenarios:
    - Short-term, corresponding to the period 2025-2030.
    - Medium-term, up to 2040.
    - Long-term, up to 2050.

  The use of different time horizons to those included in the ESRS is due to the fact that, in the case of climate-related risks and opportunities, Naturgy considers that they provide a more realistic view in terms of probability of occurrence and financial impact, in line with the TCFD initiative. More information can be found in section "Disclosures in relation to specific circumstances", in the General disclosures chapter of this Report.
- Identification of variables and indicators related to climate change and energy transition and collection of associated data for each of Naturgy's activities and assets in operation; as well as the main key metrics for the energy system, including, among others, energy demand, commodity and CO_2 prices, total electricity generation and by technology, as well as renewable gases development.

Climate scenarios used E1.IRO-1_08; E1.IRO-1_13; E1.IRO-1_15

The use of theoretical climate scenarios is an important component of the climate-related risks and opportunities analysis, especially with regard to assumptions about temperature variability, greenhouse gas emission trajectories based on policies, international commitments and energy and land-use transformations, the frequency and intensity of extreme weather events, new technological developments, resource use, socio-economic factors, etcetera, which help to understand how climate conditions and associated impacts may evolve. The scenario analysis is aligned with TCFD recommendations.

For the physical risks analysis, in particular, the scenarios used in the models show how physical climate phenomena change in response to increases in greenhouse gases, including variables such as temperature rise, sea level rise and changes in the frequency and severity of extreme weather events. And for the transition risks and opportunities analysis, the scenarios consider the impact on global temperature from the implementation of different policies and regulations in relation to emissions reductions, energy transition, investments in resilient infrastructure and technology development.

A total of three theoretical global climate scenarios are used according to their climate ambition, two scenarios where global temperature will not increase by more than 2ºC by 2100 compared to pre-industrial times, meeting the TCFD recommendation, and a third, less climate ambitious scenario, where slower adoption of global commitments and policies may lead to temperature increases of 2.7ºC by the end of this century.

They are based on the projections published by the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the Network for Greening the Financial System (NGFS). In addition, specifications of each business in every geography where Naturgy carries out its activities and the company's strategic projections have been considered.

In this regard, Naturgy is aligned with ESRS requirements, having considered at least one scenario consistent with the Paris Agreement and limiting climate change to 1.5ºC (NZE, on the basis of which the ambitions of the Climate Transition Plan are aligned) for the assessment of its physical and transition risks and opportunities, as well as a high-emissions scenario (STEPS), for the physical risk assessment.

Naturgy considers that these scenarios are optimal for modelling possible future climate risks and opportunities, although sometimes these are regional scenarios and obtaining more granular results (for example, at country level) complicates the analysis, so they must be complemented with entity-specific information in the geographies where it operates.

Sustainability

	Scenario 1: SSP1 - 1.9 + NZE +1.5ºC			Scenario 2: SSP1 - 2.6 + In-house projection +1.7ºC				Scenario 3: SSP2 - 4.5 + STEPS +2.7ºC		
Scenarios used										
Reference scenarios	**SSP1 - 1.9** Sustainability	**NZE** Net Zero emissions by 2050	**Net Zero 2050**	**SSP1 - 2.6** Middle of the road	**APS** Announced pledges	**In-house projection**	**Below 2ºC**	**SSP2 – 4.5** Regional rivalry	**STEPS** Stated Policies	**Determined contributions**

Scenario 1: Net Zero Emissions (NZE)

This is the most ambitious climate scenario, based on the IPCC's SSP1-1.9, the IEA's "Net Zero emissions by 2050" and the NGFS' "Net Zero 2050" scenarios, as it assumes that net zero emissions will be achieved by 2050, with some developed economies achieving this goal earlier than expected. It considers sustainable social and economic growth with a global temperature increase of no more than 1.5°C by 2100. It sets out a regulatory framework that encourages the reduction of fossil fuel use and promotes the development and use of clean technologies.

It foresees rapid economic growth thanks to the creation of thousands of jobs related to energy transition due to the promotion of renewable energies, which, in addition to improving life quality, will help to meet the 2030 Agenda. Investments in the development of electric means of transport, in fuels that generate lower emissions and in technologies for clean energy production (wind, solar, among others) will lead to 100% renewable electricity generation by 2050.

Scenario 2: Announced Pledges Scenario (APS)

This scenario assumes that all current published global climate commitments, including Nationally Determined Contributions and Net Zero targets, will be met on time. However, only those economies aiming for net zero emissions by 2050 will achieve this goal through international cooperation, social participation, and a gradual reduction fossil fuels use and price, while CO_2 prices will rise. A temperature increase of no more than 1.7ºC is projected for 2100.

This analysis is based on the IPCC's SSP1-2.6, the IEA's Announced Pledges Scenario and the NGFS' Below 2ºC, together with in-house Naturgy estimates aligned with the Integrated National Energy and Climate Plan (PNIEC) 2023-2030 and the Long Term Decarbonisation Strategy 2050 (ELP 2050).

It considers an increase in policies and regulatory standards in order to meet climate commitments, as well as international cooperation to promote the use of alternative fuels and technologies. In particular, in Spain, a rapid and extensive development of renewable gases as a decarbonisation lever is expected.

Greater social involvement is also expected to support the 2030 Agenda, with investments and access to clean energy in low-income countries, generating employment in renewable energy and energy efficiency.

Scenario 3: Stated Policies Scenario (STEPS)

In this scenario, a slowdown in the setting of more ambitious commitments or potential breaches of commitments made is considered. Policies are adopted to reduce the use of fossil fuels, but demand remains high and investment in renewable energies is conservative. As a consequence, developed economies do not reach net zero emissions by 2050 and global temperature rises by 2.7ºC by 2100. Some of the assumptions of this scenario include:

- It is based on the IPCC's SSP1-4.5, the IEA's “Stated Policies Scenario”, and the NGFS' “Nationally Determined Contributions” scenarios.
- It is assumed that governments do not meet all announced climate targets, but only those that are currently feasible.
- Demand for fossil fuels remains constant compared to current consumption. There is still dependence on fossil fuel imports. The current risk with regard to price volatility in energy markets remains.
- The transition to renewable energies use is, therefore, delayed.

E1.IRO-1_07 Note that in the analyses of previous years, the SSP-8.5 scenario was used as the high emissions scenario for the assessment of physical risks. Nevertheless, Naturgy currently uses the SSP-4.5 scenario as a high emissions scenario, given that it reflects a more realistic trend, maintaining current CO2 emissions until mid-century, which means that progress towards a low-carbon economy would be slow and Net Zero would not be reached until 2100. In contrast, the SSP-8.5 scenario assumes that emissions continue to rise throughout the 21st century, and has been considered highly unlikely since IPCC AR5, since it considers an overestimation of the projected use of coal and fossil fuels and doubts about the global supply to meet these demands.

Physical risks and opportunities assessment process E1.IRO-1_02

E1.IRO-1_04 Physical risks are assessed at the level of the facilities themselves (using their geolocation) and types of assets (linear networks), in order to ensure that they can be operated and accessed in a safe manner under extreme weather conditions. To this end, the methodology for assessing physical risks is based on the following premises:

- **Assets damage**: estimation of potential damage to assets resulting from catastrophic events, considering the variables of occurrence and intensity of the events.

- **Business disruption**: estimated annual business disruption costs proportional to the number of days on which the hazard intensity exceeds a relevant threshold. It assumes that on each of these days a fixed proportion of revenue is lost, specific to each sector.

E1.IRO-1_03; E1.IRO-1_06 Climate-related physical risk affects all company's facilities to different degrees. Particularly those infrastructures with a long useful life and located in regions with greater exposure to extreme weather events are at risk. Therefore, Naturgy's risk model is based on modelling the exposure and vulnerability of assets to different adverse weather events:

Term	Definition
Exposure	The number of items that are prone or subject to certain hazards and that may cause effect on them
Vulnerability Sensitivity Susceptibility	An asset's predisposition to be affected, including sensitivity or susceptibility to financial damage (or opportunities) and adaptation capacity.
Danger Risk	Natural phenomenon in question: occurrence probability and extreme weather events intensity.

In the section "Material impacts, risks and opportunities and their interaction with strategy and business model" of this chapter, the various climate-related hazards that could result in risk to the company and the potential impact should they materialise are indicated.

Transition risks and opportunities assessment process E1.IRO-1_09

Transition risks and opportunities assessment aims to provide a qualitative and prospective analysis of the impact that climate change may have on the profitability of an activity or company:

- Identification of risk parameters in each business and country, id est, those parameters sensitive to potential changes in each of the simulated climate scenarios: current and future climate regulation and policies, technological advances in terms of energy efficiency, new energy sources or carbon emissions capture, the evolution in the supply and demand of fossil fuels and decarbonised products and services or the increase in production costs, among others.
- Analysis of the risk parameters behaviour according to the scenario: what actions are required to adapt the business model to emerging trends and new opportunities in each scenario.
- Impact assessment: variations in the above operational parameters affect profitability and other indicators for each business and country.

E1.IRO-1_10; E1.IRO-1_11; E1.IRO-1_12 In this regard, the analysis carried out has enabled Naturgy to assess which assets typologies are exposed to transition risks in the short-, medium- and long-term, depending on the evolution of the risk parameters considered for each business and in each scenario. Although Naturgy has availed itself of the phase-in provision on disclosing information on anticipated financial effects from risks and opportunities, as established by ESRS 1 in Appendix C (see section "Anticipated financial effects from material physical and transition risks and potential climate-related opportunities" in this chapter), qualitative information on such effects has been included. Anticipated financial effects have also been identified during the year 2024 and are reflected in Note 2.24.25 k of the Annual Consolidated Financial Report.

E1.IRO-1_14 On the other hand, business activities that require efforts to be compatible with the transition to a carbon-neutral economy are those related to natural gas. Naturgy's Climate Transition Plan (section "Transition plan for climate change mitigation" of this chapter) establishes the action lines that the company must develop in the future to achieve its decarbonisation targets and move towards the energy transition.

Policies related to climate change mitigation and adaptation (E1-2)

[E1.MDR-P_01-06] Naturgy sets out its main principles and commitments regarding its contribution to climate change mitigation and adaptation in the Global Sustainability Policy.

This Policy establishes the basic action principles that guide Naturgy's activity in relation to the impacts, risks and opportunities derived from energy use and associated with climate change mitigation and adaptation. [MDR-P_01]

[MDR-P_04] Specifically, Naturgy voluntarily assumes the commitment to be a key actor in energy transition towards a circular and decarbonised economy model, in line with Paris Agreement objectives. Therefore, the company is committed to achieving net zero emissions by 2050, considering all the scopes of the carbon footprint and prioritising the 1.5ºC reduction pathways where feasible, subject to the energy and regulatory policy of each of the countries where it operates, establishing intermediate emission reduction targets and minimising the use of compensation mechanisms.

[MDR-P_02] [MDR-P_03] [MDR-P_05] [MDR-P_06] Further details on other minimum disclosure requirements on this policy can be found in the "Corporate Policies" section of the General disclosures chapter of this Report.

[E1-2_01] In addition, the Global Sustainability Policy establishes the following climate change-related commitments:

- Develop and communicate transition plans for climate change mitigation, with the aim of achieving net zero emissions by 2050, considering all scopes of the carbon footprint and prioritising 1.5ºC reduction pathways where feasible, subject to the energy and regulatory policy of each of the countries where it operates, setting intermediate emission reduction targets and minimising the use of compensation mechanisms.
- Develop strategies and implement specific actions for climate change adaptation.
- Identify, assess, manage and report the impacts and financial effects of climate-related (physical and transition) risks and opportunities, in accordance with the regulatory requirements of the countries in which it operates.
- Align investments with the company's climate transition plan.
- Publish the carbon footprint in all its scopes annually, verified by an independent third party.
- Develop products and services to reduce greenhouse gas emissions in the value chain.
- Promote decarbonisation targets in accordance with just transition principles, involving and seeking consent of affected parties.
- Carry out advocacy activity in line with Paris Agreement objectives ensuring permanence only in partnerships or entities that meet this criterion.

Actions and resources in relation to climate change policies (E1-3)

Naturgy has demonstrated its commitment with climate change over the last few years, through various initiatives to progress in its decarbonisation ambitions and move towards energy transition.

Naturgy's climate strategy to date has been determined by the 2021-2025 Strategic Plan and the subsequent 2021-2025 Sustainability Plan, although this year the ambitions in this matter have been updated following the publication of the Climate Transition Plan, described in section "Transition plan for climate change mitigation" of this chapter.

E1-3_01 The Climate Transition Plan includes different climate change mitigation and adaptation and energy decarbonisation levers, where Naturgy must focus its efforts around in order to achieve the ambitions set for the long- term. The main actions promoted by Naturgy this year, in line with these levers, have been as follows:

Investment in renewable energy generation

MDR-A_01; MDR-A_02 Naturgy has been committed for years to promote renewable energies as a driver for carbon neutral economy. Thus, as indicated in the new Transition Plan, Naturgy considers preferential to promote the development of wind and solar energy, ensuring on the other hand the security of supply with the operation of natural gas combined-cycles. At present, Naturgy's global renewable energy portfolio amounts to 7.25 GW of installed capacity.

MDR-A_03; MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12 In order to achieve the above ambitions, in line with the 2021-2025 Strategic Plan, a capital allocation of 862 million euros has been recorded in 2024, mainly for the construction of new wind and photovoltaic farms. This funding will be extended in subsequent years following the approval of the new Strategic Plan 2025-2027 and the Climate Transition Plan.

MDR-A_04; MDR-A_05 The main projects developed during 2024 have been:

- In Australia, a financing facility of more than 2,300 million Australian dollars has been approved through its international generation subsidiary Global Power Generation (GPG), to be executed around a portfolio of eight operating facilities (six wind farms, one battery storage project and one solar hybrid with storage), two photovoltaic plants under construction and one solar hybrid with battery project under development.
- In the same geography, GPG has closed 2024 with 1 GW of projects in operation, following the grid connection of the Ryan Corner wind farm (218 MW), the Hawkesdale wind farm (97 MW), the Crookwell 3 wind farm (58 MW), and the Cunderdin hybridisation project (128 MW solar and 55 MW/220 MWh of storage).
- Naturgy has reached an agreement with Amazon for the supply of the energy produced by the new wind farm located in Hawkesdale, in the state of Victoria, which produces energy equivalent to the consumption of 67,000 homes.
- Naturgy's first renewable facility in the United States has come into operation: the 7v Solar Ranch photovoltaic plant, located in the state of Texas, which has 555,600 photovoltaic modules, with a peak power of 300 MW, and will generate 560 GWh of electricity per year.
- In Spain, Naturgy has reached an agreement with the European Investment Bank (EIB) to receive a 1,000 million euros loan to support investment in new solar photovoltaic and onshore wind power plants, as well as the repowering and hybridisation of existing plants in the country, with the aim of increasing Spain's renewable energy generation capacity by 2.3 GW.
- Also in Spain, construction has begun on a photovoltaic plant in Campo de Arañuelo, located in the province of Cáceres (Extremadura). With 300 MW of peak power, it is estimated to produce 515 GWh/year of renewable energy and reduce CO_2 emissions by more than 250,000 tonnes per year. The investment associated with the development of this project will be more than 150 million euros.

The development of renewable energies not only supports the mitigation of climate change and the decarbonisation of the economy, but also, in certain cases, can serve as a vector for adaptation to the consequences of climate change. Thus, Naturgy has in operation different hydroelectric generation plants, which, through proper and efficient management, could generate a positive impact by regulating adverse weather phenomena such as droughts or extreme rains. Further details can be found in the section "Material impacts, risks and opportunities and their interaction with strategy and business model" in this chapter.

Just energy transition

The energy transition is so necessary and urgent that it creates a number of unintended consequences for communities, especially for working people who may see their livelihoods disappear.

The example of this that has affected Naturgy in Spain is the closure decreed by the competent administration of the coal-fired power plants. To mitigate the impacts of the closure, the "Agreement for a Just Energy Transition for thermal power plants in closure" was signed in 2020. This includes the commitments of the Spanish government, energy companies and trade unions to guarantee employment and the reactivation of the economy in the areas affected by the closure of thermal power plants located in Aragon, Andalusia, Principality of Asturias, Castile and Leon and Galicia. This agreement also established the commitment of the parties to work on the elaboration of Just Transition Agreements that would include a participatory process of mobilisation and consultation for their elaboration.

Closure of coal-fired power plants and accompanying plans

MDR-A_01; MDR-A_02; MDR-A_04 In 2020, Naturgy closed all its coal-fired power plants in Spain, so this fuel is no longer used for electricity generation in its own operations, which has reduced the company's impact on the environment thanks to the reduction of scope 1 GHG emissions.

Naturgy has also drawn up accompanying plans for each of the closed plants, which detail the commitments made by the company:

- Proposals for new investments in renewable energies in the same territories.
- Outplacement plans for own workers.
- Prioritisation of local companies and affected workers, in the contracting of decommissioning work.
- Search for investors.
- Participation in support schemes for the improvement of employability in new activities, including specific training schemes.

These support plans have taken into account the main affected stakeholders and are focused primarily on promoting economic activity in the areas where the plants were located. The company's approach to these plans is based on the following premises:

- Prioritise environmental measures and health and safety procedures in decommissioning.
- Engage with stakeholders in the plant environment.
- Giving sites a second life by finding alternatives for new industrial uses.
- Mitigate as far as possible the economic and employment impact on the areas and maintain the historical link with the territories.
- Support job creation and contribute to the training of workers in new skills adapted to the requirements of the energy transition.

MDR-A_05 During 2024, Naturgy has continued with the decommissioning process of the four coal-fired power plants under its management. The situation at the end of 2024 of the decommissioning process of the different sites, and its comparison with respect to 2023, is as follows:

Facility	Degree of progress (%) 2024	Degree of progress (%) 2023	Revaluation and/or recycling rate (%)
TPS Anllares	100	98	97.0
TPS La Robla	99	93	92.5
TPS Meirama	100	86	91.9
TPS Narcea	85	56	85.4

MDR-A_03 The decommissioning of the Anllares and Meirama power stations was completed in 2024. In the case of the La Robla power station, dismantling was also completed in 2024, although the levelling of the site on which it was located is pending (for which the aggregate produced by crushing the aggregate from demolition is used), pending environmental permits, and its completion is scheduled for 2025. Finally, the dismantling of the Narcea power station is also scheduled for completion in 2025.

In the dismantling work, priority has been given to safety procedures and environmental measures that do not affect third parties and the environment. To this end, priority is given to ensuring that the demolition techniques are minimised in terms of risk and that the dismantling materials and equipment are reused and recycled.

As a result of the decommissioning, Naturgy has drawn up an investment plan in the affected areas that prioritises more efficient, less emitting and more environmentally friendly generation technologies. The alternative plans to date are as follows:

La Robla power station (Castile and Leon)	Meirama power station (Galicia)	Narcea power station (Asturias)
– Development of three photovoltaic parks and substation. – Green hydrogen plant together with Enagás Renovable with an electrolysis capacity of 280 MW. – Electrical storage with Li-ion batteries connected stand-alone at the Just Transition node in La Robla with a capacity of 40 MWh and a power of 20 MW.	– Meirama and As Encrobas wind farms and new substation, with favourable Environmental Impact Statement (EIS) since November and December 2022, respectively. These projects have been suspended as a precautionary measure by the High Court of Justice of Galicia. – Development of a green hydrogen production hub together with Repsol and Reganosa. – Biogas plant together with Repsol and Reganosa.	– Transfer to Tineo Town Council of the village annexed to the power station to be used for social purposes. The refurbishment project has received 3.5 million euros in aid from the IJT. – Execution of the project for the reorganisation of the Narcea riverbed as it passes through the power station. – Construction of an urban wastewater treatment plant to replace the existing one at the power station.

The new Global Sustainability Policy includes among its commitments regarding climate change and energy transition, the promotion of decarbonisation targets in line with the principles of just transition, involving and seeking the consent of affected parties.

Since the start of the decommissioning of coal-fired plants, this principle has guided the company's actions through investment plans aimed at developing new renewable technologies that contribute to the decarbonisation targets or, as in the case of the Narcea thermal power station, adapting the land where the plant was located to donate it to the municipality so that an alternative economic activity can be started. In the design of these plans, collaboration with the different stakeholders and the creation of alliances have been a constant feature.

E1-3_05 Both the decommissioning and the foreseen investment plans require the availability of both financial and human resources. These resources have been provided by Naturgy and will continue to be so as the materialisation of these investments makes it necessary. It should be pointed out that some of the planned actions go beyond the company's legal decommissioning obligations; for example, the financing of the project for the reorganisation of the Narcea riverbed as it passes through the plant.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 In financial terms, and following the closure of all Naturgy's coal-fired power plants in the first half of 2020, the Group has not returned to generating electricity with coal. These facilities are fully depreciated/provisioned at 31 December 2024, taking into account that, as previously mentioned, during this year progress has continued to be made in the dismantling of the same, being concluded for practically all the plants and at a very advanced stage for the rest.

Employment and training

MDR-A_01; MDR-A_02; MDR-A_04 In addition to the development of projects that contribute to maintaining the economic and industrial activity of these areas, Naturgy's commitment includes the promotion of employment. In this regard, it should be noted that the closure of the plants was communicated both to the workforce directly affected and to the workers' representatives. For the relocation of professionals, the aim was to minimise the impact of the change of work centre, making the most of the means offered by Naturgy and the flexibility of the units and equipment. Thus, a large part of the workforce requirements for the renewable technology development projects were covered with personnel from the coal-fired thermal power plants.

Regarding the workers in the value chain, communication was established with the contracting companies to inform them about the next steps to be taken and about the channels for applying for employment in the dismantling work. These channels have ensured equal opportunities based on the identification of the typology of profiles by the companies awarded the dismantling work at each of the work centres.

As far as possible, for decommissioning work priority has been given to hiring personnel residing in the municipalities where the plants are located or in nearby areas. Local employees are considered to be those who reside in the municipality of the sites or who reside in different municipalities and are registered in the Institute for a Just Transition labour exchange.

- **Local employment (% of total number of people hired)** MDR-A_05

Power station	2024	2023
La Robla	58	56
Meirama	33	24
Narcea	37	37

MDR-A_03 The contracting of local personnel for the dismantling of the plants ends at the end of this process. At present there are no local personnel contracted at the La Robla, Meirama and Anllares power stations, without prejudice to the possibility of occasional contracting of local company services. In contrast, local personnel are available at Narcea, where the degree of progress of the decommissioning process is less advanced.

In addition, when construction work begins on the projects planned at the various sites (wind farms, photovoltaic farms, substations, etc.), new opportunities will open up for the recruitment of local staff.

Job creation requires people training and preparation. Thus, within the Alliance for Vocational Training framework of the Ministry of Education and Vocational Training and linked to the Vocational Training Programme for Employability, the Naturgy Foundation provides workshops aimed at teachers, students of training cycles, unemployed and employees in the sector. Specific training in new energy technologies such as the installation and maintenance of photovoltaic panels, renewable gases and the digitalisation of electricity grids should be highlighted.

Along these lines, the Institute for Just Transition and the Naturgy Foundation signed an agreement to collaborate on training, improving employability and gender equality in the energy sector. The protocol establishes the collaboration lines between the two institutions in the fields of training and research related to the promotion of green employment in areas of just transition, as well as in strengthening the requalification of female workers in areas of just transition.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 The financial allocation associated to these initiatives is included in the company's social investment, which is detailed in the "Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" section of "Affected communities" chapter of this Report.

Renewable gas production: biomethane and green hydrogen

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 Given the weight of the gas business in the company's portfolio, in 2024, a new business unit has been created with the aim of promoting the development of renewable gases on a large scale, being one of the essential vectors of the Climate Transition Plan, covered by the Global Sustainability Policy. This initiative contributes to reducing Scope 1 and Scope 3 GHG emissions associated with fossil fuel natural gas, using existing infrastructures and without abatement costs for the customer when this renewable gas is used instead of natural gas, especially biomethane. In addition, it fosters other positive impacts such as the use of organic waste as a resource, promoting the circular economy and job creation, especially in rural areas.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 For the development of the main initiatives related to renewable gases, Naturgy has allocated a total of 11 million euros, with the breakdown shown in note 2.6 of the Consolidated Management Report 2024.

In the case of Spain, the use of renewable gases as energy is recent and, taking into account the current implementation of natural gas in the country and the potential it has, it is an opportunity to contribute to national GHG emission reduction targets and this is being reflected in different regulations. In this regard, in 2022, the Royal Decree 376/2022 was approved, which establishes the creation of a system of guarantees of origin (GdOs) for renewable gases (biogas, biomethane and renewable hydrogen) managed by Enagás, which is already in operation. These electronic certificates accredit the renewable nature of the gas and contain different information about its production process, thus offering customers the certainty that the energy contracted and obtained from said gases is, in fact, of renewable origin. For more details on the use of these certifications, see section "Gross Scopes 1, 2, 3 and Total GHG emissions" in this chapter.

In relation to the use cases of biogas and biomethane, Naturgy has capacity, between own production and injection into the grid of 0.35 TWh. This fact, although still incipient, supports the ambition reflected in the Integrated National Energy and Climate Plan (PNIEC) 2023-2030 to reach a biomethane production of 20 TWh in 2030.

The company manages an extensive portfolio of projects throughout Spain at different stages of development and already has three of its own production plants in operation, at the Bens WWTP (A Coruña), in Cerdanyola del Vallès (Barcelona) and in Vila-Sana (Lleida). These will be joined in the coming months by another two facilities under advanced development and construction in Utiel (Valencia) and Utrera (Seville).

By the end of 2024, Naturgy has signed a strategic alliance with Hispania Silva, a company specialising in waste recovery with extensive experience in the agricultural and livestock sector, for the construction of a minimum of 20 biomethane production plants, which could reach up to 30. The plants that form part of this alliance, which will be distributed throughout Spain and will be operational before 2030, will have the capacity to generate 2.5 TWh of biomethane per year, equivalent to the consumption of 500,000 homes. In addition, they will contribute to the decarbonisation of our economy, reducing 450,000 tonnes of CO_2. With this alliance, biomethane will be produced from organic waste, transforming waste into a clean energy source. It will also take advantage of the synergies between the two companies to offer a comprehensive approach, covering the entire renewable gas value chain, from waste management to biomethane.

The biomethane produced in these plants will be distributed through existing natural gas networks, both to households and industries, to offer them a decarbonisation solution without the need for additional investments in their boilers and energy facilities. At the same time, these projects will contribute to circular economy, fostering job creation, benefiting local economies and returning kilometre 0 organic fertilisers to the countryside, as well as non-polluting irrigation water for the soil.

Moreover, green hydrogen is a medium-term energy carrier capable of:

- Channelling large amounts of renewable energy from power generation to sectors where electrification is not a feasible option.
- Store and manage energy massively and over long periods of time, matching energy supply and demand.

Naturgy has been researching the development of hydrogen for years due to the enormous potential it represents for a country like Spain. Currently, research, development and innovation lines are focused on analysing technologies that allow:

- Intermittent hydrogen operation, with sufficient safeguards.
- Consider hydrogen production using water of lower purity.
- Technologies enabling the combination of hydrogen and CO_2 to obtain other fuels derived from it.

This way, during 2024, the company has worked on the development of renewable hydrogen production projects linked to areas of just transition, especially in areas affected by the closure of thermal power plants, as described the previous section.

For example, the company is working with Enagás Renovable on the development of a renewable hydrogen production plant in La Robla (León), using the site of the former thermal power station, which was authorised to close in 2020. The objective is to produce renewable hydrogen from a 280 MW electrolyser. The hydrogen production will be used mainly for the decarbonisation of industry in Asturias and, to a lesser extent, for sustainable mobility in the region. The renewable electricity needed for hydrogen production will come from several photovoltaic developments that both Naturgy and Enagás Renovable own in the area. It will reduce GHG emissions and promote the penetration of renewable energies in sectors that are difficult to electrify. In 2024, the project was awarded a 42 M€ grant under the third call for large-scale projects under the European Union's Innovation Fund.

Hydrogen production project at Meirama

Naturgy, together with Repsol and Reganosa, have planned a renewable hydrogen hub of up to 200 MW in Meirama. The initial phase of the project will reach 30 MW of power. The plant will supply Repsol's refinery in A Coruña and other consumers.

The project represents an opportunity for sustainable economic development in Galicia. Being located in the municipality of Cerceda in A Coruña, a Just Transition area affected by the closure of the Meirama thermal power station, the project will promote the creation of stable employment and the training of highly qualified professionals.

The renewable hydrogen generated will be destined for industrial use to replace the conventional hydrogen currently used by the Repsol refinery, and for other uses on a minority basis. All these uses will reduce the carbon footprint of the area.

The project thus demonstrates the feasibility of deploying renewable hydrogen to decarbonise industry, as well as the reuse of existing facilities in areas affected by the decommissioning of thermal power plants.

The hydrogen production plant will not only lead to a high level of job creation, but will also bring social benefits.

Nature-based solutions

While biodiversity and ecosystem actions and resources are described in section "E4-3 Actions and resources related to biodiversity and ecosystems" of this Report, and in particular nature-based solutions, details of projects involving biogenic removals of CO_2 are provided below.

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 Naturgy has carried out two reforestation projects in Spain, registered in the Spanish Climate Change Office (OECC), to contribute to both CO_2 absorption and biodiversity recovery, aligned with the climate and biodiversity commitments included in the Global Sustainability Policy. The basic details of both initiatives are described below.

- The Naturgy Foundation Forest, located in Cadalso de los Vidrios, Madrid (code OECC 2024-b043), is a reforestation project that aims to recover a non-forested area by planting native species. Trees and shrubs such as *Acer monspessulanum, Amelanchier ovalis, Celtis australis, Crataegus monogyna, Prunus spinosa, Quercus pyrenaica, Sorbus aria* and *Sorbus aucuparia*, species selected for their adaptation to the conditions of the environment and their contribution to biodiversity, have been introduced in an area of 8.05 hectares. The project, which began on 15 January 2023, will run for 50 years and is estimated to absorb 2,222 tonnes of CO_2 in that time.
- The Naturgy Forest, located in Pardesoa, Forcarei, Pontevedra (code OECC 2024-b095), is a reforestation project focused on the recovery of an area through the plantation of *Pinus pinaster subsp. atlantica* in the Northern Coastal Zone. The project covers an area of 1.01 hectares, starting on 30 April 2023, and will last for 30 years. It is estimated that in this time it will achieve an absorption of 484 tonnes of CO_2, thus contributing to climate change mitigation and forest restoration in the area.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 In both cases, no revenues have been generated for the company and, reciprocally, Naturgy's financial contribution in terms of capital investments and associated operating expenses is not significant.

Products to facilitate the decarbonisation of customers in Spain

Energy transition is an opportunity to offer new products and services to customers who are increasingly committed to reducing emissions. These include: carbon footprint calculation, cmpensating emissions through voluntary markets, emission reduction plans for customers, self-consumption solutions, management of Guarantees of Origin (GDOs) for gas and electricity and the market for Energy Saving Certificates (CAEs).

MDR-A_01; MDR-A_02; MDR-A_03 In 2023, Naturgy launched Naturzero, a new brand designed to accompany its customers in their decarbonisation objectives, through actions for climate change mitigation and adaptation, helping to position companies in a market that is increasingly aware and values the most sustainable organisations and products. This initiative provides a comprehensive service to its customers, thanks to three associated products:

- Naturzero Calcula: enables companies to calculate their scopes 1, 2 and 3 carbon footprint, verified by an accredited entity.
- Naturzero Reduce: offers each customer an ad-hoc plan to reduce emissions, based on multiple energy solutions within the Naturgy services catalogue, including photovoltaic self-consumption with batteries or renewable gases such as biomethane. Many of these measures, aimed at reducing emissions, involve more efficient energy consumption in lighting, air conditioning, heating and transport, which ultimately translates into financial savings that benefit the consumer.
- Naturzero Compensa: compensation or neutralisation of emissions not avoided in reduction plans.

This action is fully aligned with the ambition to develop products and services to reduce greenhouse gas emissions in Naturgy's value chain, explicitly stated in the new Global Sustainability Policy.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 With regard to the Naturzero initiative, Naturgy has not obtained significant revenues as a result of its execution, nor has a representative amount been recorded in terms of CapEx and OpEx.

Energy efficiency measures

MDR-A_01; MDR-A_02; MDR-A_03 Within the framework of its commitment to energy transition, and aligned with the new Global Sustainability Policy, Naturgy has a series of measures to promote energy efficiency in the value chain, among which is the management of Energy Saving Certificates (CAEs), by offering its customers a turnkey service that includes advice on investments aimed at improving energy efficiency, calculation of energy savings and all the associated document management so that the consumer can benefit from the CAE.

A CAE is a document that certifies the amount of energy saved by a customer. In Spain, Royal Decree 36/2023, of 24 January, established a system of Energy Saving Certificates to encourage compliance with the indicative energy efficiency targets set by the European Union.

The measures that can be implemented to promote savings include the installation of solar thermal panels, rehabilitation of the thermal envelope of buildings, replacement of lighting systems, renovation or replacement of windows, among others focused on the improvement of production processes in the industrial field.

Naturgy Solar is another of Naturgy proposal made available to its customers to promote self-consumption in all market segments, individuals, communities of owners, SMEs and companies, facilitating the installation of panels and batteries, which also includes the design, management and processing of permits and subsidies.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12; E1-3_06; E1-3_07; E1-3_08 The various energy efficiency measures do not represent a significant expense for Naturgy in terms of CapEx or OpEx nor, reciprocally, a representative income for the company, which should be recognised in the financial statements.

GHG emissions reductions and associated energy savings E1-3_03

E1-3_03 Some of the initiatives described have achieved significant reductions in GHG Scopes 1 and 2 emissions, which not only contribute to climate change mitigation, but also generate tangible savings in energy consumption.

For the quantification of GHG emission reductions and associated energy savings, actual emissions and energy consumption data from 2017 to 2024 have been used for the following initiatives:

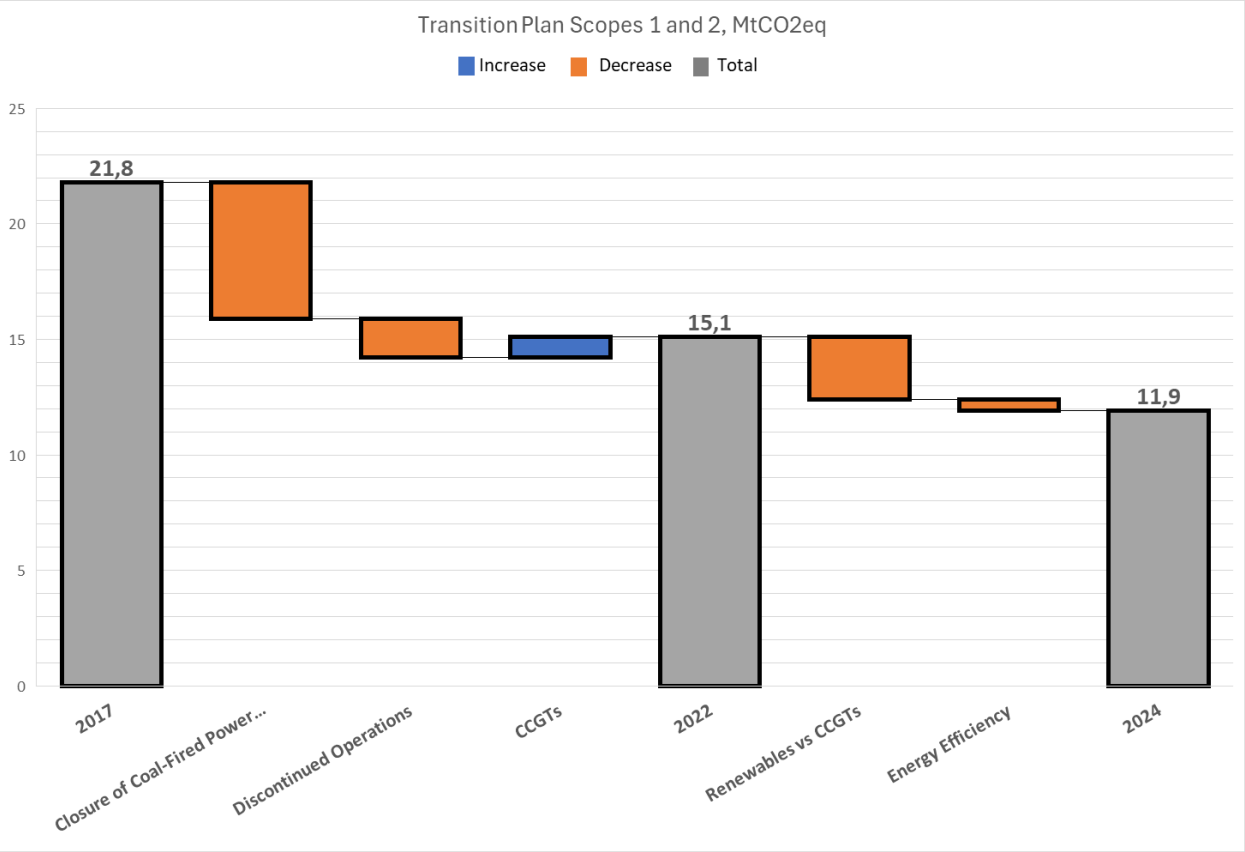
- Closure of all coal-fired power plants.
- Discontinued activities that were in the financial perimeter and are no longer in the financial perimeter, in particular:
  - gas distribution activities in Colombia and Italy;
  - electricity distribution activities in Chile and Moldova;
  - natural gas transport activity in Morocco;

  - electricity generation activity in Kenya: and
  - mining activity in Spain and South Africa.
- The displacement of combined-cycle production by renewable energies in Spain. Other renewable developments in other countries are not counted if there is no thermal production in the country owned by Naturgy, since they do not reduce the company's carbon footprint or energy consumption savings in the country.
- Energy efficiency actions in natural gas networks by replacing different network materials with polystyrene, with a lower methane leakage rate.

Initiatives to reduce GHG emissions and associated energy savings

Initiatives	tCO_2eq	MWh
Closure of coal-fired power plants	5,907,386	15,712,644
Discontinued operations	1,670,796	4,806,112
Displacement of combined-cycles by renewable energies in Spain	2,709,637	12,685,590
Energy efficiency in gas networks	369,383	237,219
Total	**10,657,202**	**33,441,565**

The following graph shows the actions that have made it possible to reduce GHG Scope 1 and 2 emissions in the period 2017-2024.



E1-3_04 The emissions expected to be reduced by these initiatives amount to 5 $MtCO_2eq$ for the period 2022-2030, due to the displacement of combined-cycle production by renewable generation technologies.

Targets related to climate change mitigation and adaptation (E1-4)

E1-4_01 Naturgy has a Transition Plan to achieve net zero emissions in 2050, considering all the scopes of the carbon footprint and prioritising the 1.5ºC reduction pathways, when feasible and subject to the energy and regulatory policy of each of the countries where it operates. As described in section "Transition plan for climate change mitigation" of this chapter.

E1-4_20 As a general note for the different climate targets, the baseline values used are considered representative in the sense that they consider all the activities carried out by the company and its value chain, and also take into account external factors such as the increase in temperature for the estimation of operational magnitudes, such as the demand for natural gas for heating or electricity for cooling.

MDR-T_09 The methodology and assumptions used to establish the targets are based on the operational magnitudes of each of the company's businesses, as set out in the Strategic Plan. These magnitudes are transformed into emissions for each of the scopes, using appropriate conversion factors from the IPCC (Intergovernmental Panel on Climate Change) or the OECC (Spanish Climate Change Office) in Spain. Subsequently, the calculated reduction pathway is compared with the science-aligned reductions according to the Science Based Targets Initiative (SBTi), the International Energy Agency (IEA) and the PNIEC in Spain. In the event of not achieving the reductions aligned with science, it is notified in case it is necessary to re-evaluate or redefine any of the operational magnitudes included in the Strategic Plan. Finally, with the final values of the Strategic Plan, the GHG emissions target is calculated and subsequently published.

MDR-T_11 In a cross-cutting manner, it should be noted that although stakeholders have not been directly involved in setting the targets, their interests and expectations have been taken into account. In particular, the Net Zero 2050 targets for Scopes 1 and 2 overall, and 3 in Spain have been set in line with the requirements of the SBTi, detailed in the document "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".

Climate Transition Plan targets

In the Strategic Plan, and resulting Sustainability Plan, for the period 2021-2025, Naturgy established a commitment to climate neutrality (net zero emissions) to 2050, GHG emissions reduction targets to 2025, from the base year 2017, and a theoretical reduction pathway projection to 2030 aligned with science.

These commitments and milestones have been updated in the Climate Transition Plan, coinciding with the preparation of the new 2025-2027 Strategic Plan and Sustainability Plan in order to adapt the premises used to the current energy, geopolitical and regulatory context in terms of climate change, in each of the geographies where the company operates, and always subject to the degree of uncertainty implicit in any long-term projection exercise.

E1-4_21 In 2024, a consultation has been raised to EFRAG on application requirement 29, regarding the inclusion of early reductions prior to the 2021-2025 Sustainability Plan with respect to the base year 2017 to demonstrate the alignment of reduction pathways with science. As of the date of publication of this Report, no response has been obtained, so the assessment of science-alignment has been carried out with respect to the 2022 base year, without taking into account early reductions with respect to the 2017-2020 period of the Sustainability Plan, but it is not ruled out in the future including these early reductions if a positive response is obtained from EFRAG.

Climate Transition Plan targets and the evolution of GHG emissions since 2017, compared to the climate objectives established in the 2021-2025 Sustainability Plan, are detailed below, as a guarantee of the commitment and solvency of the company's strategy to mitigate climate change.

2050 GHG emissions targets

MDR-T_04; E1-4_18 With the analysed scenarios and factors influencing the achievement of climate neutrality, the targets set out in the Climate Transition Plan for 2050, as detailed in section "Transition plan for climate change mitigation" of this chapter, are:

- Achieve Group-wide net zero Scope 1 and 2 emissions.
- Achieve net zero Scope 3 emissions in Spain.

The targets defined take into account all carbon footprint scopes 1, 2 and 3, all greenhouse gases, is consistent with the company's GHG inventory described in section "Gross Scopes 1, 2, 3 and Total GHG emissions" of this chapter, and applies to all of the company's activities and geographies, with no exclusions. Maximum emissions reduction is the priority and, only if necessary, GHG emission removal mechanisms would be used to offset residual emissions.

MDR-T_07; MDR-T_09; MDR-T_10 Likewise, the emission reduction pathways established in the three scopes take into account the temperature scenarios of the Paris Agreement, the projections of the International Energy Association in its "Net Zero Emissions by 2050" scenario and, in the case of Spain, additionally, with what is contemplated in the Integrated National Energy and Climate Plan 2021-2030 (PNIEC), and endorsed in the PNIEC 2023-2030.

MDR-T_12; E1-4_22; MDR-T_11 The difficulty in establishing the intermediate reduction pathways lies in the uncertainty of the evolution of new non-emitting technologies that are alternatives to natural gas and in the energy and climate change policies developed in each of the countries where the company operates. In any case, this situation has been taken into account during the definition of the different milestones to achieve the long-term targets set, which are based on conclusive scientific evidence, and in accordance with the temperature scenarios aligned with the Paris Agreement, as well as with the SBTi initiative in the document "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".

MDR-T_01 Compliance with the emission reduction targets established for each period is monitored on a quarterly basis, and is the result of the Global Sustainability Policy, the Climate Transition Plan and the strategic and sustainability plans in force at any given time, the latter approved for the period 2025-2027.

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06; MDR-T_13; E1-4_03; E1-4_04

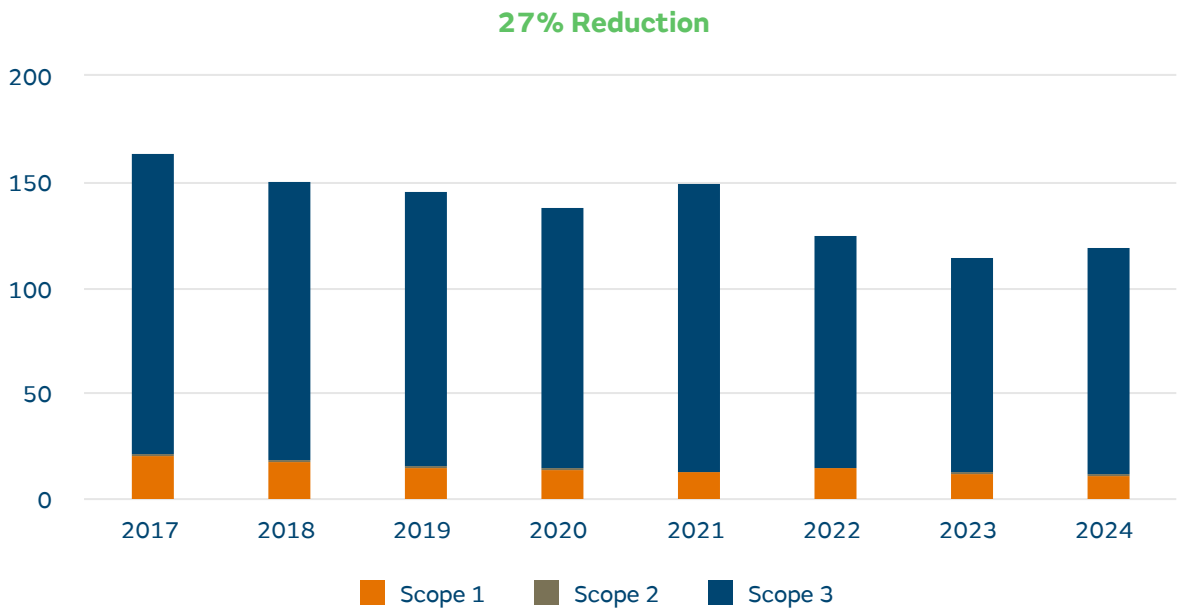
The evolution of GHG emissions from the base year, 2017, considered in the 2021-2025 Sustainability Plan until 2024 is shown in the following table:

Initial 2050 GHG emissions target (later updated in the Climate Transition Plan)	Approval year	Base year	Year 2024 ($MtCO_{2eq}$)	Year 2024 (% reduction on base year)	Baseline value ($MtCO_2eq$)
2050 Net Zero Sustainability Plan scopes 1, 2 and 3 (reformulated in 2023)	2021	2017	119.4	27 %	164.5
2050 Net Zero Climate Transition Plan scopes 1 and 2 Group	2025	2022	Not applicable	Not applicable	15.10
2050 Net Zero Climate Transition Plan scope 3 Spain	2025	2022	Not applicable	Not applicable	39.13

Note: all scopes and GHG are included

In view of the above data, a 27% reduction in emissions compared to the base year 2017 is observed for the three scopes, which indicates that Naturgy is on the right reduction path and endorses the Net Zero 2050 commitment reformulated in the company's Climate Transition Plan, without having identified the need to modify its strategy significantly to achieve it in the future.

The evolution of the carbon footprint 2017-2024 in terms of $MtCO_2eq$ is shown in the graph below:



Further information on the emission volumes reported in the table and graph above can be found in section "Gross Scopes 1, 2, 3 and Total GHG emissions" of this chapter.

2030 GHG emissions targets MDR-T_08

The interim GHG emission reduction targets 2025-2030 have been updated in the Climate Transition Plan, based on developments in recent years, the business plan of the new 2025-2027 Strategic Plan and projections up to 2030, taking into account applicable national and international energy and climate change benchmarks.

MDR-T_09; MDR-T_10 In section "Transition plan for climate change mitigation" of this chapter, and as a result of the above-mentioned exercise, the following GHG emission reduction targets for 2030 have been set in the Climate Transition Plan:

- Reduce the Group's Scope 1 and Scope 2 emissions to 9.70 $MtCO_2eq$ in 2030, a 36% reduction compared to the 2022 base year and a 56% reduction compared to the 2017 base year of the 2021-2025 Sustainability Plan. This target is aligned with the 1.5ºC reduction pathway, in accordance with the "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1". This target is split into Scope 1 and Scope 2 emissions as follows:
  - Reduce Scope 1 emissions from 14.74 $MtCO_2eq$ in the base year 2022 to 9.35 $MtCO_2eq$ in 2030, a reduction of 37%, a 54% reduction compared to 2017.
  - Reduce Scope 2 emissions from 0.36 $MtCO_2eq$ in the base year 2022 to 0.35 $MtCO_2eq$ in 2030, a reduction of 4%, 74% compared to 2017.
- Reduce Scope 3 emissions in Spain to 30.7 $MtCO_2eq$ in 2030, a reduction of 22% compared to the 2022 base year and 8% compared to the 2017 base year of the 2021-2025 Sustainability Plan. This target is aligned with the Well Below 2 Degrees (WB2D) reduction pathway, according to the document "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".
- Reduce the Group's total Scope 3 emissions to 101.6 $MtCO_2eq$ in 2030, a 8% reduction from the 2022 base year and a 28% reduction from the 2017 base year of the 2021-2025 Sustainability Plan.

The target applies equally to all of the company's activities and geographies, with no exclusions. Maximum emissions reduction is the priority and only, if necessary, GHG emission removal mechanisms would be used to compensate residual emissions.

MDR-T_01; MDR-T_12 Compliance with the emission reduction targets established in each period is monitored quarterly, and are the result of the Global Sustainability Policy, the Climate Transition Plan and the strategic and sustainability plans in force at any given time, the latter approved for the period 2025-2027.

These targets are not validated by the SBTi initiative because, as of the date of this Report, SBTi has not published the validation protocol with the reference pathways for the oil & gas sector.

The GHG emissions for the three scopes and the reductions in percentage achieved in relation to the targets of the previous Sustainability Plan 2021-2025, which support the 2030 targets set out in the Climate Transition Plan, are presented below:

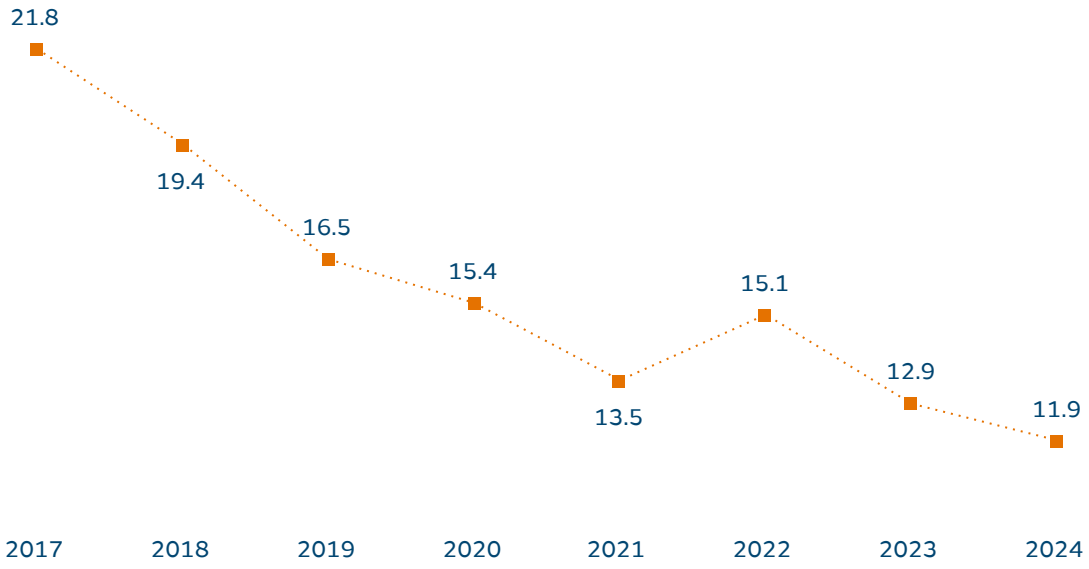
MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06; MDR-T_07; MDR-T_13; E1-4_02; E1-4_07; E1-4_10; E1-4_16

	Approval year	Base year	Target (% reduction)	Year 2024 ($MtCO_{2eq}$)	Year 2024 (% reduction on base year)	Baseline value ($MtCO_2eq$)
2025 Sustainability Plan, Scopes 1 and 2 (reformulated in 2023)	2021	2017	50 %	11.9	45 %	21.8
2025 Sustainability Plan, scope 3 (reformulated in 2023)	2021	2017	23 %	107.5	25 %	142.6
2030 Climate Transition Plan scope 1	2025	2022	37 %	Not applicable	Not applicable	14.7
2030 Climate Transition Plan scope 2	2025	2022	4 %	Not applicable	Not applicable	0.4
2030 Climate Transition Plan scope 3 (Spain)	2025	2022	22 %	Not applicable	Not applicable	39.1
2030 Climate Transition Plan scope 3 (group)	2025	2022	8 %	Not applicable	Not applicable	110.1

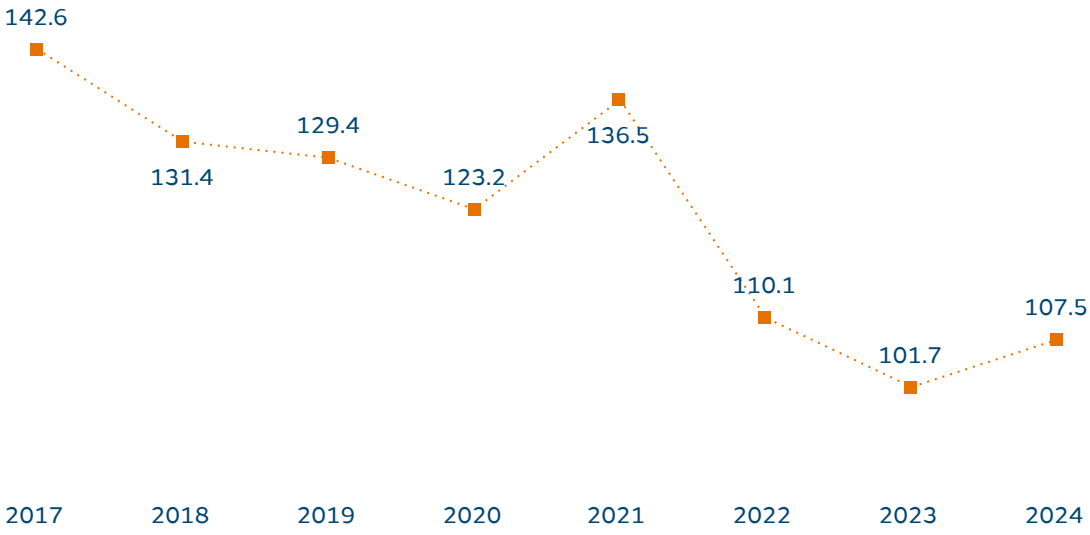
Reformulated targets in 2023 with updated values 2025 Strategic Plan

In 2024, Naturgy has achieved a 91% compliance with the target set out in the 2021-2025 Sustainability Plan for Scope 1 and 2 emissions and 106% for Scope 3 emissions. In view of the above data, Naturgy has not considered the need to significantly modify its strategy in recent years to achieve future target values, beyond the fact that the short-term objectives are updated according to the company's successive financial plans.

- **GHG Scopes 1 and 2 emissions evolution ($MtCO_2eq$)**



- **GHG Scope 3 emissions evolution ($MtCO_2eq$)**



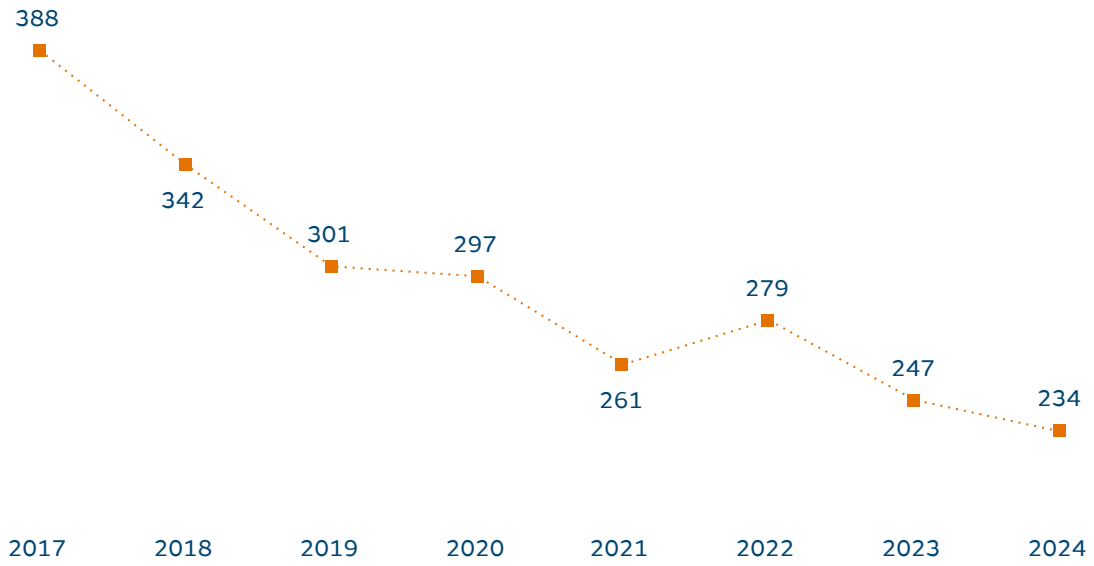
Emissions intensity targets for electricity generation

MDR-T_01; MDR-T_04 Emissions intensity targets for electricity generation are the amount of CO_2 emitted by the electricity produced (tCO_2/GWh), responsible for about 90% of the company's direct emissions. Therefore, the existence of these targets serves as a basis for progress in Naturgy's decarbonisation.

The targets for this metric, initially set in the Strategic Plan, and the resulting 2021-2025 Sustainability Plan, and included in the Climate Transition Plan, are associated with the company's new 2025-2027 plans, as they are subject to the capital expenditures on electricity generation.

The evolution of this metric and the targets set in the different periods are shown below:

- **Emissions intensity in energy generation (tCO_2/GWh)**



MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06; MDR-T_07; MDR-T_13; E1-4_02; E1-4_05

	Approval year	Base year	Target (% reduction)	Year 2024 (tCO_2/GWh)	Año 2024 (% reduction on base year)	Baseline value (tCO_2/GWh)
2025 Sustainability Plan 2021-2025 (reformulated in 2023)	2021	2017	49 %	234	40 %	388
2027 Sustainability Plan 2025-2027	2025	2022	34 %	Not applicable	Not applicable	279

Naturgy has achieved in 2024, one year before closing the 21-25 target, a compliance of 81%. The target set for the period 2025-2027 is a 35% reduction compared to the base year 2022. Consequently, Naturgy has not considered the need to significantly modify its strategy in recent years to achieve future target values, beyond the fact that the objectives are updated with the successive financial plans of the company.

MDR-T_01; MDR-T_09; MDR-T_12 Compliance with the targets is monitored on a quarterly basis and commitments stem directly from the Global Sustainability Policy, the Climate Transition Plan and the 2025-2027 Strategic Plan.

MDR-T_10 The 2025-2027 electricity generation emissions intensity target is aligned with the 1.5ºC reduction pathway, according to the "Target Validation Protocol for Near-Term Target TWG-PRO-002, version 3.1".

The target applies to all of the company's geographies, with no exclusions. Minimising emissions, and by extension the emissions intensity of electricity generation, is the priority and only, if necessary, GHG emission absorption mechanisms would be used to compensate residual emissions. Monitoring of these targets and associated metrics is on a quarterly basis.

Renewable energy target

Electricity

MDR-T_01; MDR-T_02; MDR-T_03; MDR-T_04; MDR-T_05; MDR-T_06; MDR-T_07 The commitment to renewable energies is one of the strategic lines for reducing emissions, as set out in the company's Global Sustainability Policy. To this end, the 2021-2025 Strategic Plan included the objective of reaching a percentage of installed renewable power of 48% in the generation mix in the company's own operations by 2025, so this goal does not require a year and a base value.

MDR-T_09; MDR-T_10 In addition, neither a specific methodology has been used to set this target, nor does the use of scientific evidence apply, as the value set is based on the allocated capital set by the company for renewable electricity generation.

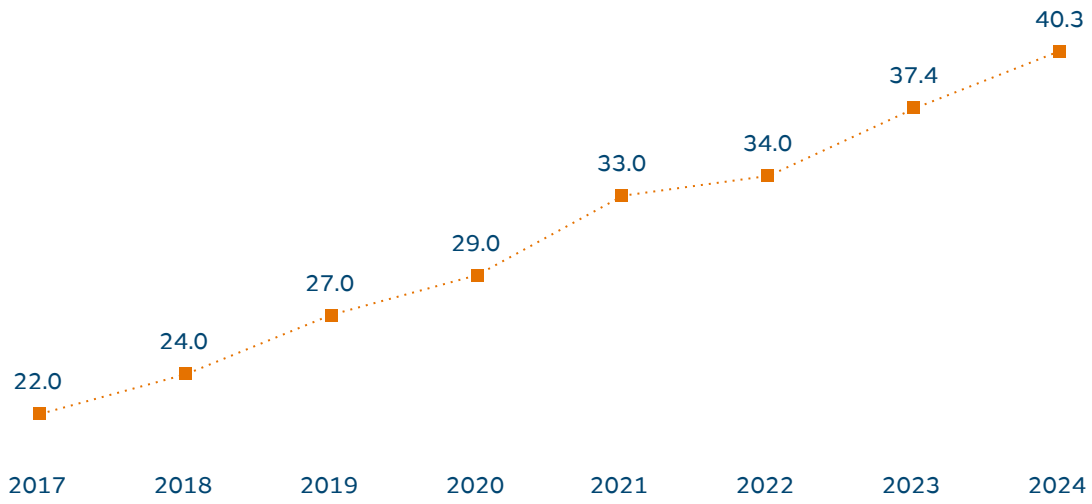
MDR-T_08; MDR-T_12 This value was updated in 2023 with the medium-term review of the 2021-2025 Strategic Plan, and is monitored quarterly to ensure compliance. Naturgy has not considered the need to significantly modify its strategy in recent years to achieve the future target values, beyond the fact that the objectives are updated with the company's successive financial plans. The Strategic Plan includes different annual milestones that Naturgy has used as a reference, although the target expires in 2025 and interim milestones do not apply.

In terms of meeting this target, by 2024, 271 MW of renewable capacity had come into operation in Spain, of which 100% is solar photovoltaic capacity. In Australia in 2024, 372 MW wind, 128 MW solar and 55 MW batteries have come into operation, along with 13 MW of solar capacity in Chile and other adjustments in solar photovoltaic capacity of 2 MW in the USA and 1 MW in Brazil. Thus, Naturgy has managed to increase its renewable power capacity by 8% over the previous year.

Given the delays in obtaining permits and the consequent increase in the time taken to implement the projects, in the exercise of the new 2025-2027 Strategic Plan, Naturgy has established the renewable installed capacity target aligned with the previous Plan for 2025 as the target of the new Plan for 2027, that is, reaching 47%.

The target applies to electricity generation and to all of the company's geographies, without exclusions. This target monitored on a quarterly basis.

- **Renewable power (%)** MDR-T_13



Gas

MDR-T_01; MDR-T_02; MDR-T_03; MDR-T_04; MDR-T_05; MDR-T_06; MDR-T_07 The commitment to renewable energies is one of the strategic lines for reducing emissions, as set out in the company's Global Sustainability Policy. To this end, the 2021-2025 Strategic Plan included the objective of reaching 0.52 TWh of renewable gas production and/or injection capacity (biomethane) by 2025, so this target does not require a year and a base value.

MDR-T_09; MDR-T_10 No specific methodology has been used to set this target, nor does the use of scientific evidence apply, as the value set is based on the actions foreseen in the company's strategy.MDR-T_08; MDR-T_12 This value is monitored annually and there are no intermediate milestones. It should be noted that there have been no changes in the definition of the target.

In terms of meeting this target, in 2024, in Spain there is a renewable gas capacity of 0.35 TWh.

In the new Strategic Plan 2025-2027, Naturgy has redefined the objective, establishing the goal of reaching a renewable gas injection capacity in Spain in 2027 of 1.60 TWh. This objective is monitored on an annual basis.

Target related to the adaptation to climate change physical risks

MDR-T_01; MDR-T_02; MDR-T_03; MDR-T_04; MDR-T_05; MDR-T_06; MDR-T_07 The Global Sustainability Policy establishes the commitment to develop strategies and implement specific actions to adapt to climate change. To this end, the new Sustainability Plan includes the objective that by 2027, 100% of the facilities with material risks should have climate change adaptation measures in place.

MDR-T_09; MDR-T_10 Neither a specific methodology has been used to set this target, nor does the use of scientific evidence apply, as the value set is based on the company's climate risk assessment.

Roadmap for achieving climate targets

E1-4_23 As reflected in the Climate Transition Plan, described in section "Transition plan for climate change mitigation" of this chapter, Naturgy has established different decarbonisation levers to achieve its decarbonisation objectives and advance in the energy transition. In quantitative terms, Naturgy estimates that the absolute contribution to emissions reduction is leveraged in the following lines of action:

- Promote solar and wind renewable energies in electricity generation together with the necessary growth of electricity grids, with the back-up power provided by natural gas combined-cycle power stations guaranteeing security of supply. It is estimated that this line's associated emissions reduction will be 5 $MtCO_2eq$ in 2030 for Scopes 1 and 2.
- Developing renewable gases as a decarbonisation lever of natural gas through biomethane produced from organic waste and, in the medium-/long-term, green hydrogen generated from surplus renewable electricity. This promotes decarbonisation at the lowest possible cost for the consumer, circular economy with the use of waste or surpluses and the economy in rural areas. It is estimated that this line's associated emissions reduction will be 5 $MtCO_2eq$ in 2030 for Scope 3.
- Offer products and services that promote efficiency and are carbon-neutral at competitive prices to consumers and end-users. The emission reductions associated to this line are included in the previous lines.
- Increased electrification of final demand in those uses where it is most efficient. The emission reductions associated to this line are included in the previous lines.

E1-4_24 It should also be noted that Naturgy has carried out different climate scenario analyses to assess the climate-related risks and opportunities that could occur both in the present and in the future. Such is their relevance that the results of this exercise were taken into account to establish the different decarbonisation levers presented here. More information on the assessment of climate risks and opportunities can be found in section "Description of the processes to identify and assess material climate-related impacts, risks and opportunities" of this chapter.

Energy consumption and mix (E1-5)

Naturgy energy consumption (MWh)

Within the framework of the Integrated Management System, Naturgy develops management and control procedures aimed at minimising the consumption of energy and material resources. With regard to energy, Naturgy's commitment to renewable energies and the promotion of energy saving and efficiency, both in its own facilities and in homes, businesses and customer facilities, contributes to the reduction of environmental impacts.

The energy consumption data within the organisation is included below.

E1-5_01; E1-5_02; E1-5_03; E1-5_04; E1-5_05; E1-5_06; E1-5_07; E1-5_08; E1-5_09; E1-5_10; E1-5_11; E1-5_12; E1-5_13; E1-5_14; E1-5_15

- **Energy consumption (MWh)**

	2024	2023
Fuel consumption from coal and coal products	0	0
Fuel consumption from crude oil and petroleum products	2,172,647	2,326,697
Fuel consumption from natural gas	56,800,792	61,822,958
Fuel consumption from other fossil sources	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	696,917	531,618
Total fossil energy consumption	**59,670,356**	**64,681,273**
Share of fossil sources in total energy consumption (%)	82 %	82 %
Consumption from nuclear sources	**11,942,380**	**13,442,000**
Share of consumption from nuclear sources in total energy consumption (%)	16 %	17 %
Fuel consumption for renewable sources, including biomass	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	1,096,994	837,484
The consumption of self-generated non-fuel renewable energy	0	0
Total renewable energy consumption	**1,096,994**	**837,484**
Share of renewable sources in total energy consumption	2 %	1 %
Total energy consumption	72,709,730	78,960,757

The energy consumption figure for 2023 has been modified, since energy sold to third parties was considered an offset for total consumption.

The result of energy consumption differs in magnitude from the historical series reported, since according to the previous methodology used, aligned with the Global Reporting Initiative (GRI), this consumption was reduced by the electricity sold from fossil sources, thus representing a "net" consumption. Consequently, if the values included in the table above were subtracted from the electricity sold from fossil fuel sources, the values would be consistent with the historical series reported in 2023 and previous years.

The calculation methodology is based on the energy consumption reported in the verification reports by electricity generation facilities under Emissions Trading Systems. For the rest of the installations, the calorific values reported by the Spanish Climate Change Office have been used. It is important to note that natural gas is calculated according to the Higher Calorific Value (HCV), while the rest of the fuels are calculated according to the Lower Calorific Value (LCP).

In 2024, there has been a 9% decrease in energy consumption within the organisation attributable to the reduction in electricity generation from gas combined cycle plants in Spain. This situation is due to the increased production of renewable generation, which has reduced the need for back-up from these plants, as shown in the following section.

Net electricity production by energy source (MWh) E1-5_16; E1-5_17

In 2024, the company generated a total of 42,660,000 MWh of electricity, of which 24,184,000 MWh corresponds to the Spanish market. Below is a breakdown of electricity production in this financial year, according to its renewable or non-renewable origin.

	2024	%	2023	%
Nuclear	4,240,000	10	4,512,000	10
Combined-cycle	9,153,000	21	12,092,000	28
Cogeneration	287,000	1	295,000	1
Thermal production. Spain	**13,680,000**	**32**	**16,899,000**	**39**
Hydroelectric	4,731,000	11	3,554,000	8
Wind	4,930,000	12	4,650,000	11
Solar	843,000	2	652,000	1
Small hydro		0	559,000	1
Renewable production. Spain	10,504,000	25	9,415,000	21
Total production. Spain	**24,184,000**	**57**	**26,314,000**	**60**
Fuel-oil	699,000	2	722,000	2
Combined-cycle	14,187,000	33	13,858,000	32
Thermal production. International	**14,886,000**	**35**	**14,580,000**	**33**
Hydroelectric	353,000	1	395,000	1
Wind	2,142,000	5	2,026,000	5
Solar	1,095,000	3	573,000	1
Renewable production. International	**3,590,000**	**8**	**2,994,000**	**7**
Total production. International	**18,476,000**	**43**	**17,574,000**	**40**
Total renewable production	**14,094,000**	**33**	**12,409,000**	**28**
Total thermal production	**28,566,000**	**67**	**31,479,000**	**72**
Total production	**42,660,000**	**100**	**43,888,000**	**100**

Note: hundreds have been rounded to zero for simplification purposes.

Energy intensity (MWh) E1-5_18

E1-5_19 Based on the previously recorded energy consumption, and given the company's net turnover in 2024, the following table shows the annual energy intensity ratio.

	2024			2023		
	Energy consumption within the organisation (MWh)	Net turnover (million euros)	Ratio (MWh / net turnover)	Energy consumption within the organisation (MWh)	Net turnover (million euros)	Ratio (MWh / net turnover)
Total	72,709,730	19,267	3,773.80	78,960,757	22,617	3,491.21

The 2023 energy intensity figure has been adjusted due to the change in total energy consumption.

It is important to note that direct energy consumption has been reported following the ESRS E1 guidelines, although in the case of the electricity sector this is not proper consumption within the organisation, as part of this consumption is transformed into electricity that is sold and consumed outside the organisation. To calculate the direct consumption within the organisation, it would therefore be necessary to subtract the electricity sold. The resulting value would then be comparable with the reported historical series.

E1-5_20; E1-5_21 For the calculation of the energy intensity ratio, the total net turnover of the company has been used, given its operation in the "Electricity, gas, steam and air conditioning supply" sector, as registered in section D of the National Classification of Economic Activities (NACE), considered to have a high climate impact according to Delegated Regulation (EU) 2022/1288 of the European Commission. The value of the net turnover can be consulted in Note 3 of the Annual Consolidated Financial Report.

Although energy consumption has decreased by 8% compared to 2023, the energy intensity ratio has increased by 8% compared to 2023 due to a decrease in turnover of 15%.

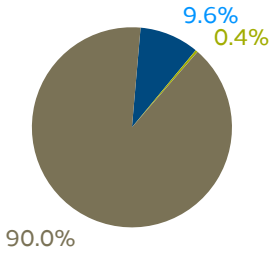
Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

In recent years, the company has focused its efforts on reducing its greenhouse gas (GHG) emissions from its operation as well as along the value chain, as shown below.

Carbon footprint at a glance

2024 footprint

119.4 million tCO_2eq



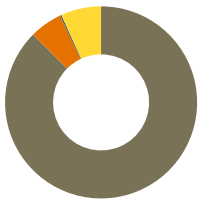
2017-2024 carbon footprint reduction and

↓45% Scopes 1 and 2 emissions

↓27% Total footprint (scopes 1, 2 and 3)

Scope 1
Direct emissions
11.5 mill tCO_2eq

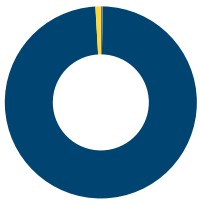
Scope 1 reduction between 2017 and 2024
↓ 44%



87% thermal fossil generation plants

Scope 2
Indirect emissions
0.5 mill tCO_2eq

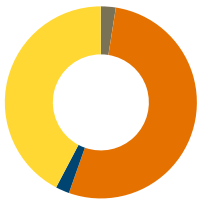
Scope 2 reduction between 2017 and 2024
↓ 65%



98% losses in energy distribution networks

Scope 3
Rest of indirect emissions
107.5 mill tCO_2eq

Scope 3 reduction between 2017 and 2024
↓ 25%



95% customers emissions from distributed and commercialised gas

- Electric generation
- Electric distribution
- Distribución gas
- Gas supply, LNG anc gas commercialisation

2024 total compensated emissions: 355,216 tCO_2eq

In 2024, the company's GHG emissions have been reduced compared to those recorded in 2017 (base year for the emissions targets of the 2021-2025 Sustainability Plan) by 27% considering the three scopes.

GHG emissions breakdown by scope (tCO2eq) E1-6_01; E1-6_04; E1-6_06; E1-6_07; E1-6_08; E1-6_09; E1-6_10; E1-6_11; E1-6_12; E1-6_13

	Retrospective				Milestones and new target years		
	2021-2025 Sustainability Plan				2021-2025 Sustainability Plan		2025-2027 SP[2] and Transition Plan
	Base year (2017)	2024	2023	Variation (%)	2025	25-17 annual reduction target (%)	2030
Significant Scope 1 GHG emissions							
Gross Scope 1 emissions	**20,531,127**	**11,482,448**	**12,463,378**	**-7.9**	**9,914,864**	**-6.5**	**9,354,693**
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)		85 %	83 %	2.4			
Significant Scope 2 GHG emissions							
Gross location-based Scope 2 emissions	1,317,179	453,649	397,497	**14.1**	360,410	-9.1	347,806
Gross market-based Scope 2 emissions	—	—	—	**—**	—		—
Significant Scope 3 GHG emissions							
Total Gross indirect (Scope 3) emissions	**142,609,613**	**107,461,382**	**101,726,269**	**5.6**	**106,997,494**	**-3.1**	**101,605,947**
Goods and services purchased	—	164,683	186,131	-11.5			
Capital goods	—	43,892	— %	100.0			
Activities associated with upstream fuels and energy	31,621,210	26,902,224	25,367,070	6.1			
Coal	589,395	—	—	—			
Natural gas	17,569,486	23,852,401	22,738,966	4.9			
Oil	582,655	245,996	263,439	-6.6			
Electricity	12,879,674	2,803,827	2,364,665	18.6			
Transport and distribution of goods	—	—	—	—			
Waste produced in the operation	—	—	—	—			
Business trips	6,215	2,840	2,068	37.3			
Mobilisation of employees	16,236	5,356	5,408	-1.0			
Upstream leased goods	—	—	—	—			
Downstream transport and distribution	—	—	—	—			
Procedure for products sold	—	—	—	—			
Use of products sold: natural gas	110,157,600	80,342,387	76,165,592	5.5			
End-of-life processing of products sold	—	—	—	—			
Downstream leased goods	—	—	—	—			
Franchises	—	—	—	—			
Investments	808,352	—	—	—			
Total GHG emissions							

	Retrospective				Milestones and new target years		
	2021-2025 Sustainability Plan				2021-2025 Sustainability Plan		2025-2027 SP[2] and Transition Plan
	Base year (2017)	2024	2023	Variation (%)	2025	25-17 annual reduction target (%)	2030
Total emissions (location-based)	**164,457,919**	**119,397,479**	**114,587,144**	**4.2**			
Total emissions (market-based)	**163,140,740**	**118,943,830**	**114,189,647**	**4.2**			

E1-6_05 Note: for scope 3 emissions, within the categories defined by GHG Protocol (the use of the categories according to ISO 14064-1 has not been considered at present), emissions with a weight of less than 1% have been excluded, as long as the sum of all of them does not exceed 5%.

E1-6_17; E1-6_24; E1-6_28 Note: Scope 1, 2 or 3 biogenic emissions from combustion, biodegradation or other biomass life cycle activity do not apply, but do apply to biomethane combustion, with a value of 1,382 tCO_2eq.

[1] Until last year, issues in the category "Capital goods" were reported under the category "Purchased goods and services". This year, they have been disclosed separately.

[2] Sustainability Plan.

Changes in comparison to the previous year

Naturgy has reduced its scope 1 and 2 emissions, together, by 7.2% compared to the previous year, with this decrease being even more notable compared to the base year. In the case of Scope 3 emissions, they have increased by 5.6% with respect to the year 2023, but remain at significantly lower values than the base year 2017.

Scope 1 emissions have been reduced by 0.98 $MtCO_2eq$. This reduction in emissions is mainly due to:

- The increase in renewable generation in Spain compared to the previous year by 12%, motivated by the entry into operation of 271 MW of new solar photovoltaic generation, improved conditions for hydropower generation, whose values have increased by 15% compared to 2023, and for solar and wind generation, which have generated 29% and 6% more respectively. As a result, to meet Naturgy's electricity demand, combined-cycle power stations generation has fallen by 2,939,000 MWh. In contrast, combined-cycle power stations in Mexico have increased their generation by 329,000 MWh. There has also been a decrease in production in the Dominican Republic from thermal power of -23,000 MWh. As a result of the above, the emissions reduction in electricity generation was 0.87 $MtCO_2eq$.
- Better management of fugitive emissions in gas distribution, especially in Argentina, has led to a reduction of 0.06 MtCO2eq.
- A decrease in fleet emissions from LNG tankers of 0.05 $MtCO_2eq$.

Scope 2 emissions have remained almost unchanged with a difference of less than 0.06 $MtCO_2eq$ during 2024 compared to 2023.

Scope 3 emissions have increased by 5.74 $MtCO_2eq$. This increase is mainly due to:

- Indirect emissions from downstream end-use of gas vehicles (category A3.11) have increased by 4.18 $MtCO_2eq$ due to an increase in natural gas demand of 14,443 GWh in end-use consumption in all countries where natural gas is distributed, except in Chile, which has experienced a slight decrease. The volume of international LNG sold increased by 3,567 GWh.

- Indirect emissions associated to upstream transported gas (category A3.3) have increased by 1.54 $MtCO_2eq$ mainly due to the increase in downstream transported gas discussed above.

E1-6_14; E1-6_16 As additional notes, it should be highlighted that throughout the year 2024 there have been no significant changes in the perimeter of the company or its value chain (both upstream and downstream). In addition, the reference period used by Naturgy coincides with that of the different actors in its value chain, so the data reported on emissions correspond entirely to the natural year 2024.

Other GHG emissions-related indicators

Alternative Naturgy's emissions breakdowns

GHG Scope 1, 2 and 3 emissions by country (tCO_2eq) E1-6_03

	Scope 1	Scope 2	Scope 3
Argentina	621,891	113,640	22,429,003
Australia	279	16	386
Brazil	58,583	1,921	8,844,525
Chile	24,758	1,436	5,241,693
Costa Rica	22	2	24
Spain	4,774,921	48,684	33,065,868
Mexico	5,531,346	14	5,866,294
Panama	306	287,937	1,582,165
Dominican Republic	470,341	0	197,812
Rest	0	0	30,233,612
Total	**11,482,448**	**453,649**	**107,461,382**

GHG Scope 1, 2 and 3 emissions by business area (tCO_2eq) E1-6_03

	Scope 1	Scope 2	Scope 3
Procurement, LNG and Commercialisation	630,042	27	57,620,594
Electricity Distribution Argentina	360	110,023	681,747
Electricity Distribution Spain	23,101	47,901	540,320
Electricity Distribution Panama	259	287,937	1,581,912
Gas Distribution Argentina	619,833	2,200	21,312,026
Gas Distribution Brazil	58,521	1,921	8,844,199
Gas Distribution Chile	23,926	697	5,240,797
Gas Distribution Spain	41,902	783	4,298,406
Gas Distribution Mexico	40,923	0	4,804,447
Generation Spain	4,075,651	0	1,058,977
International Generation (GPG)	5,959,489	0	1,257,866
Corporation	8,443	2,161	220,091
Total	**11,482,448**	**453,649**	**107,461,382**

GHG Scope 1, 2 and 3 emissions by GHG type (tCO_2eq) E1-6_03

	Scope 1	Scope 2	Scope 3
CO_2 (tCO_2eq)	10,635,353	451,606	102,470,539
CH_4 (tCO_2eq)	813,150	550	4,917,090
N_2O (tCO_2eq)	7,642	1,493	73,753
SF_6 (tCO_2eq)	24,173	0	0
HFC (tCO_2eq)	2,129	0	0
PFC (tCO_2eq)	0	0	0
Total	**11,482,447.72**	**453,648.8**	**107,461,382.03**

GHG emissions intensity by turnover ($tCO_2eq/M€$) E1-6_30; E1-6_31; E1-6_32; E1-6_33; E1-6_34; E1-6_35

The relationship between the emissions recorded by the company's entire value chain and Naturgy's revenues in the year is assessed by calculating emissions intensity. For this purpose, the ratio between total emissions (scopes 1, 2 and 3) and total net turnover is calculated, which can be cross-checked in Note 3 of Annual Consolidated Financial Report. The main Naturgy's ESRS operation sector corresponds to "Electricity, gas, steam and air conditioning supply", as recorded in section D of the National Classification of Economic Activities (NACE), considered of high climate impact according to the Delegated Regulation (EU) 2022/1288 of the European Commission, as discussed in section "Energy consumption and mix" of this chapter.

It should be noted that the 2023 figure is different from that disclosed in the previous report, as in that case only Scope 1 emissions were taken into consideration for the calculation, whereas this year total emissions have been used, therefore aligning with the relevant ESRS requirements.

	2024	2023	Variation (%)
Location-based emissions (tCO_2eq)	119,397,479	114,587,144	4.2
Market-based emissions (tCO2eq)	118,943,830	114,189,647	4.2
Net turnover (M€)	19,267	22,617	-14.8
Location-based emissions intensity (tCO2eq/M€)	6,197.0	5,066.4	22.3
Market-based emissions intensity ($tCO_2eq/M€$)	6,173.4	5,048.8	22.3

Taking into account the note on the emissions considered, the increase in the emissions-net turnover ratio, in $tCO_2eq/M€$, is due to a combination of higher total location and market-based emissions in 2024 compared to the previous year (4.2% in both cases), and the decrease in net turnover for the same period (-14.8%), resulting in a 22.3% higher intensity ratio in both cases.

Typology of contracts used in the purchase and sale of energy E1-6_18; E1-6_19; E1-6_21; E1-6_22; E1-6_23

The company supplied 7,796 GWh of renewable electricity in Spain with guarantees of origin (GdO) certified bythe CNMC for more than 2.2 million contracts, representing 46% of the energy purchased, and a reduction of 27% compared to the previous year. The GdO have decreased compared to the previous year as in 2024 only renewable GdO have been purchased, whereas in 2023 it also included high-efficiency cogeneration GdO.

In addition, in 2023, biomethane was marketed for the first time in Spain with renewable gas guarantees of origin, either own or purchased on the market, specifically 7,596 MWh. In 2024, this figure is up to 18,496 MWh, which represents an increase of 143% compared to the previous year.

On the other hand, Naturgy has not purchased electricity certified with guarantees of origin for consumption in Spain, since they are issued mainly for energy marketed for the use of the company's customers.

Greenhouse gas (GHG) emissions inventory calculation methodology E1-6_15

Assessment and reduction of uncertainty

The uncertainty associated with reporting Scope 1 emissions for 2020 is 6.8%.

For facilities under the EU Emissions Trading Scheme, in accordance with Decision 2007/589/EC of 18 July, uncertainties regarding GHG emission values will be lower than those corresponding to the approach levels approved by the competent authority. For all other emission sources, the uncertainty associated with the calculation of GHG emissions is a combination of the uncertainties associated with the activity data and emission factors, using the references established in 2.38. IPCC 2006 GHG, vol. 2, table 2.12.

To minimise the uncertainty associated with the activity data, all emission sources have environmental and quality management systems that conform to ISO 14001:2015 and ISO 9001:2015 standards. In order to minimise the uncertainty associated with the emission factors, official sources are always used, as are, by default, the core values recognised in the 2006 IPCC Guidelines for GHG Inventories.

Methodology E1-6_29

To quantify Naturgy's greenhouse gas emissions, an application and calculation methodology has been developed based on the following standards and methodologies:

- Scopes 1, 2 and 3 emissions are included according to "The Greenhouse Gas Protocol. A Corporate accounting and reporting standard".
- Scope 3 reported in accordance with Corporate Value Chain (Scope 3).
- It includes the emissions of the six GHG set out in IPCC in accordance with the 2006 IPCC Guidelines for national GHG inventories (hereinafter 2006 IPCC GHG).
- Standard UNE-ISO 14064-1. Greenhouse gases. Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.
- Standard UNE-ISO 14064-2. Greenhouse gases. Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements.
- Standard UNE-ISO 14064-3. Greenhouse gases. Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.
- Definition of the life cycle in accordance with the UNE- EN-ISO 14040 and ENE-EN-ISO 14044 standards for life cycle analysis.
- Specific emission factors are used in accordance with the 2006 IPCC guidelines for national GHG inventories (hereinafter 2006 IPCC GHG) and other verifiable documentary and bibliographic sources.

Operational limits E1-6_29

Naturgy's carbon footprint inventory includes GHG emissions from the following group activities:

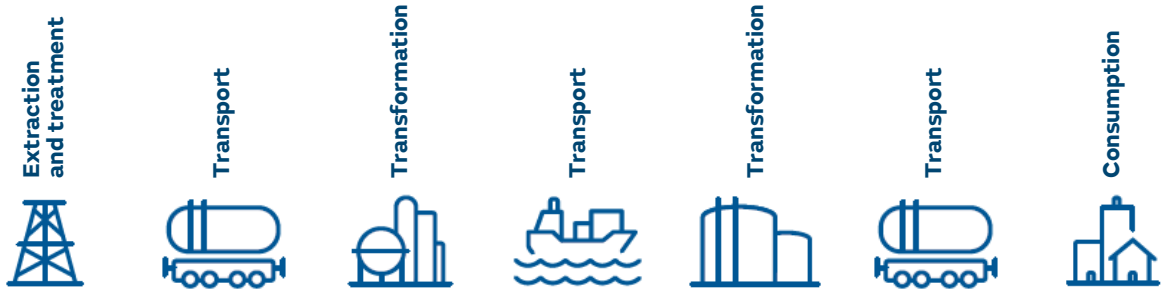
- Extraction, road transport, maritime transport, distribution and commercialisation of natural gas.
- Thermal power stations from coal and fuel oil, combined-cycle power stations, cogeneration, generation at wind farms, photovoltaic power stations and hydroelectric power stations.
- Distribution of electrical.
- Emissions associated to the purchase of goods and services including capital goods for turnkey projects developed.
- Offices, fleets and travel.

Within the aforementioned activities, different calculation units corresponding to each of the facilities comprising those activities have been defined. These calculation units or facilities are treated according to the global consolidation criteria, in accordance with the shareholding percentages.

Life cycles of fuels used

Energy (fuels, electricity) is consumed throughout the various processes, producing emissions throughout its life cycle. A diagram with the life cycles of the main fuels used is included below.

The fuels used in both fixed sources (fuels from thermal power stations, offices, gas transport and distribution facilities, etc.) and in mobile sources have been considered.



	Road transport		Maritime transport		Road transport	Stationary sources
Oil	Oil pipeline			Refining		Stationary sources and mobile sources
Natural gas	Gas pipeline	Liquefaction		Regasification	Gas pipeline	
	Gas pipeline					

Electric energy

Emissions derived from electrical energy have only been considered when it is used in primary energy terms and is not generated by any of the group's calculation units:

- Electricity consumption purchased from external suppliers.
- Losses arising from the transport and distribution of energy distributed and not generated by the company in each country.
- Emissions from the life cycle of the fuels used in the generation mix of each country.

Geographical limits E1-6_29

All the countries in which activities are carried out, as well as the countries from which the fuels originate, have been considered.

For the annual preparation of the inventory, a series of prior studies are carried out to update the initial data, such as the review of gas supply routes.

Three types of data are updated annually:

- Characteristics of the extraction points (specific factors depending on the country, technology, type of well or mine, etc.).
- Definition of the routes themselves (distances from each country of passage and specific factors).
- Fuel balances in destination countries.

Emissions typologies

Scope 1

Direct GHG emissions, meaning those from sources controlled by the company itself.

Scope 2

Indirect emissions due to the generation of electricity that is acquired by the company for its own consumption but is not generated by the group.

Scope 3 E1-6_26; E1-6_27; E1-6_29

Indirect emissions, not included in scope 2, derived from the value chain of activities, including upstream and downstream emissions, over which the group has no direct influence or control. Within the categories defined by the GHG Protocol, those with a weight of less than 1% have been excluded, provided that the sum of all of them does not exceed 5%. The excluded categories are:

- Transport and distribution of goods.
- Waste produced in the operation.
- Upstream leased goods.
- Downstream transport and distribution.
- Procedure for products sold.
- End-of-life processing of products sold.
- Downstream leased goods.
- Franchises.
- Financial investments[5].

On the other hand, the reported categories are:

- Goods and services purchased and capital goods: emissions derived from the purchase of goods and services including capital goods from turnkey projects developed.
- Fuel life cycles: emissions derived from the life cycles of fuels. This category includes the following subcategories:
    - Emissions derived from the extraction, treatment (liquefaction and regasification) and transport (by gas pipeline and/or methane tanker not owned by the company) of natural gas.
    - Emissions derived from the extraction, treatment (refining) and transport (by oil pipeline and/or oil tanker) of petroleum products.
    - Emissions produced in the life cycles of the fuels used for electricity generation of the energy mix of each country.
    - Emissions due to electricity losses in the transmission and distribution of electricity consumed but not generated.
    - Emissions of energy that has been consumed by the group but not generated and/or distributed.
- Business trips: emissions derived from the movement of employees by plane, train or any other means of transport not belonging to the fleet of vehicles owned by the group. It is divided into two subcategories:
    - Trips made by company employees by train.
    - Trips made by company employees by plane.
- Employees commutes: emissions derived from employees commuting from their respective homes to the workplace.
- End use of products sold: emissions derived from the combustion of products, which correspond to those derived from the combustion of natural gas sold by the group to the customer, discounting the gas consumed within the organisation.

Scope 3 emissions related to energy, both upstream and end-use, are always calculated with inputs from the specific activities, such as distribution, natural gas trading, LNG trading, electricity distribution and power generation. Thus, the percentage of Scope 3 emissions that have been calculated with primary data from the value chain is at least 75%.

[5] Emissions associated to joint ventures (particularly Ecoelectrica and the Qalhat liquefaction plant), as they are considered part of Naturgy's energy value chain, have been included in the category "Upstream fuel and energy activities" and the category “End use” instead of "Financial investments" to avoid double counting.

Organisational limits E1-6_29

The GHG emissions inventory includes all businesses and activities under financial consolidation criteria, according to the shareholding percentages.

Main emission factors used E1-6_29

Unit	Unit	Value	Source
EF CO_2 petrol	kg CO_2/GJ	2.237	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CH_4 petrol	kg CH_4/GJ	0.224	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O petrol	kg N_2O/GJ	0.021	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 diesel/gas oil A	kg CO_2/GJ	2.487	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 diesel/gas oil C	kg CO_2/GJ	2.705	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CH_4 diesel/gas oil fixed sources (“fs”)	kg CH_4/GJ	0.365	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O diesel/gas oil fs	kg N_2O/GJ	0.022	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 MDO carriers	t CO_2/t MDO	3.206	IMO: International Maritime Organization
EF CH_4 diesel/gas oil mobile sources (“ms”)	kg CH_4/GJ	0.004	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O diesel/gas oil ms	kg N_2O/GJ	0.106	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 HFO carriers	t CO_2/t HFO	3.1144	IMO: International Maritime Organization
EF CH_4 fuel oil ms	kg CH_4/GJ	0.283	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O fuel oil ms	kg N_2O/GJ	0.081	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 natural gas	kg CO_2/GJ	0.182	España, Informe Inventarios GEI 1990-2020 (Edición 2022).
EF CH_4 natural gas fs	kg CH_4/GJ	0.016	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O natural gas ms	kg N_2O/GJ	0.000	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 LNG carriers	tCO_2/tGNL	2.75	IMO: International Maritime Organization
EF CH_4 natural gas carriers	kg CH_4/GJ	0.050	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O natural gas carriers	kg N_2O/GJ	0	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CO_2 propane	kg CO_2/GJ	2.966	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF CH_4 propane ms	kg CH_4/GJ	0	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
EF N_2O propane ms	kg CO_2/GJ	0.0002	España, Informe Inventarios GEI 1990-2022 (Edición 2024).
GWP Methane	kg CO_2/kg CH_4	27.9	IPCC 6th Assessment Report
GWP SF_6	kg CO_2/t SF_6	23500	IPCC 6th Assessment Report
GWP N_2O	kg CO_2/t N_2O	273	IPCC 6th Assessment Report
GWP HFC	kg CO_2/t HFC	12,400	IPCC 6th Assessment Report
GWP PFC	kg CO_2/kg PFC	11,100	IPCC 6th Assessment Report

Calculation of scope 1 emissions covered by CO_2 emissions trading schemes

Most of the thermal electricity generation facilities that Naturgy has in Spain are regulated by the European Directive 2003/87/EC on Emissions Trading, which establishes the rules for the acquisition of emission rights equivalent to verified emissions from its combined cycle and cogeneration facilities, among others. This means that the Directive regulates the trading of this energy, which is why the company participates in the supply on the primary market through auctions, as well as on the secondary market. The emissions covered come from the gas combined-cycle power stations and cogeneration of Almazán, all of them in Spain, and represent 83.0% of the direct emissions (scope 1) of Naturgy in 2024. The operation of these plants is included in the Integrated National Energy and Climate Plan (PNIEC) approved for the period 2021-2030 and endorsed in the PNIEC 2023-2030 approved in 2024, aligned with the European objective of climate neutrality in 2050.

Since 1 January 2024, by amending Directive 2003/87/EC, EU emissions trading has been extended to emissions from maritime transport activities, for those ships where the port of loading and/or unloading is located in EU/EEA (European Economic Area) countries, within the scope of the EU ETS. The implementation will be progressive until 2027, specifically, in 2025, 40% of the emissions of 2024 must be delivered. Naturgy's maritime transport activity is, therefore, currently regulated by this directive. Emission allowances equivalent to 40% of the verified emissions of the shipping fleet have been acquired and will be surrendered.

In Mexico, the Emissions Trading System (ETS) has been implemented, in which emissions from combined cycle power plants are included. From 2020 to 2022, the test phase was carried out, which included the free allocation of 100% of the facilities regulated by this cap & trade system that emit more than 100,000 tCO_2/year. From 2023 to 2026, the allocation of free allowances, established in the draft ETS Bases, is expected to cover projected emissions in accordance with production projections. In fact, according to current estimates, a surplus of free allowances will be generated in this period compared to the emissions produced.

Installations registered in the ETS must submit emission allowances equivalent to the tonnes of CO_2 they emit. Currently, Naturgy's combined cycle plants in Mexico are registered in the ETS and have received the corresponding emission allowances from the authority.

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

Emissions storage, reduction and elimination through carbon credits are voluntary instruments in the fight against climate change that consist of investing in projects registered under international or national standards that generate CO_2 absorption credits (reforestation projects, blue carbon, etc.) and emission reduction credits (CERs, VERs, etc.), either through direct promotion in projects or through the secondary market.

E1-7_21; E1-7_22; E1-7_23; E1-7_24; E1-7_25 The use of carbon credits, in any case, can be considered a complementary measure to achieve the goal of climate neutrality by 2050, in line with European climate legislation. However, these mechanisms cannot be considered a substitute for the GHG emission reduction targets adopted by the company, nor will they be used by Naturgy as the main way to achieve net zero emissions in 2050, in the terms reflected in the Climate Transition Plan, described in section "Transition plan for climate change mitigation" of this chapter.

E1-7_20 The targets set include GHG scopes 1, 2 and 3 emissions, and are applicable to the entire value chain, in geographies and operations, to meet the aspirations of the Paris Agreement, contemplating projects to absorb GHG emissions in the future to offset residual emissions. In addition, the company has established interim milestones aligned with international SBTi initiatives.

Absorption and mitigation of GHG emissions E1-7_01

E1-7_05; E1-7_06; E1-7_09 Two CO_2 absorption projects are being carried out to date, registered in 2024 in the Climate Change Office of the Ministry of Ecological Transition and Demographic Challenge, described in section "Actions and resources in relation to climate change policies" of this chapter. Together, they cover an area of 9.06 hectares and are expected to absorb 2,706 tCO_2 over their lifetime.

E1-7_07; E1-7_08 As this project evolves, as well as others that may be developed at the operations or value chain level, the volume of emissions removed, reduced or stored, and potential reversals, together with the methodologies used for their quantification, will be disclosed annually.

E1-7_02; E1-7_03 It should be noted that emission removal and reduction projects are mostly implemented in developing countries as a form of crowdfunding for climate action, as the acquisition of these credits enhances the global emission reduction target, while at the same time benefiting local communities. These projects can be, for example, related to renewable energy (wind farms, biomass, hydro), energy efficiency, waste management, fuel substitution or forest conservation.

On many occasions, Naturgy has acquired emission reduction carbon credits solely to carry out voluntary offsetting of emissions, but in no case are these projects used as a means of achieving emission reduction targets, nor to eliminate overall emissions along the value chain, reported in section "Gross Scopes 1, 2, 3 and Total GHG emissions" of this chapter. The different offset initiatives include the following:

Neutral gas

Naturgy has developed different low-carbon solutions to help reduce the carbon footprint of its customers. In addition, the group has acquired different carbon credits for the voluntary compensation of CO_2 emissions linked to the consumption of natural gas supplied to customers, both at residential and SME level, where 20% of demand has received offset natural gas, and at large customer level, where companies in the healthcare, telecommunications and university sectors have opted for offset natural gas supply.

Compensation is carried out in voluntary markets, taking into account the client's needs in terms of technology, geography and social impact. This offsetting is certified by an accredited third party. In 2024, 341,772 tCO_2eq were compensated, which demonstrates the interest in this type of value-added products and services, and Naturgy's commitment to offer alternatives to reduce emissions.

COmpensa2

This initiative allows voluntary compensation of workplace emissions, company travel and CO_2eq emissions from the company's own fleet.

The table below shows the amount of emissions offset through the purchase of emission reduction carbon credits, in tonnes of CO_2 equivalent (tCO_2eq):

- **Emissions compensation** E1-7_04

	Compensated emissions in 2024	Compensated emissions in 2023
Neutral gas	341,772	443,683
COmpensa2 Initiative	13,444	15,912
Scope 1 emissions from fuel use at workplaces (stationary sources and fleet)	8,443	5,994
Scope 2 emissions from electricity consumption at workplaces	2,161	2,442
Scope 3 emissions for business travel (plane and train)	2,840	7,476
Total	355,216	459,595

The decrease compared to 2023 is due to lower demand for these carbon credits.

E1-7_17 Of the total 355,216 carbon credits purchased in 2024, all of them beyond the borders of the European Union, they are cancelled as follows:

- E1-7_10; E1-7_12; E1-7_16 100% of these credits are verified against international UNFCCC standards. Of these, 96.5%, which corresponds to the Gas Neutral initiative, were cancelled at the end of the 2024 financial year.
- E1-7_11; E1-7_19 For the remaining 3.5%, corresponding to the COmpensa2 initiative, Naturgy does not have sufficient visibility at present to estimate the specific date of its cancellation.

- **Description of emissions-compensation projects: Neutral Gas 2024 initiative** E1-7_04

Project	Description	Period	tCO_2
MM7321	Hydropower Project in Union of Myanmar	CP2	4,000
VCS 1930	Henan Nanzhao Afforestation Project	CP2	604
KE3773	Olkaria II Geothermal Expansion Project	CP2	273
MX7346	Fuerza y Energía Bii Hioxo Wind Farm	CP2	334,106
BD2765	Instalación de sistemas solares domésticos en Bangladesh		389
BD5125	Improving Kiln Efficiency in the Brick Making Industry in Bangladesh	CP1	300
MD173	Moldova Energy Conservation and Greenhouse Gases Emissions Reduction	CP1	236
PH5979	Methane recovery and combustion with renewable energy generation from anaerobic animal manure management systems under the Land Bank of the Philippines's (LBP) Carbon Finance Support Facility	CP1	217
RW3404	Rwanda Electrogaz Compact Fluorescent Lamp (CFL) distribution project	CP1	422
MX0846	La Venta II (México)	CP2	1,225
			341,772

Note:
CP1: issued 2008-2012.
CP2: issued 2013-2020.

All the emissions included in the table refer to Neutral Gas 2024.

The above compensations can be classified into two types: ex ante and ex post. Ex ante compensation applies to those customers who require their gas consumption to be carbon neutral from the signing of the contract. For this purpose, a forecast of annual consumption is made and the corresponding certified emission reduction credits (VERRA, Gold Standard, MITECO, UNFCCC, among others) are cancelled in advance on a voluntary basis. If actual consumption differs from planned consumption, the imbalances are carried forward to the following year. Ex post compensation is applied to all other customers. In this case, compensation is made during the first quarter of the year, taking as a reference the gas consumption billed during the previous year.

E1-7_13; E1-7_14; E1-7_15 The above projects are considered, in their entirety, emission reduction projects. However, Naturgy has implemented two projects in Spain, registered in the Climate Change Office and described in section "Actions and resources in relation to climate change policies", which correspond to biogenic GHG sinks, as they allow the natural retention of CO_2, preventing its release into the atmosphere.

E1-7_18 In addition, no projects have been registered aligned with Article 6 of the Paris Agreement, that is, that are attached to a carbon market.

Internal carbon pricing (E1-8)

Naturgy recognises the role of carbon pricing mechanisms as the most effective way to instrumentalise compliance with committed GHG emission reduction targets and uses different carbon price benchmarks depending on the objective pursued with the use of carbon pricing:

- Strategic decision-making.
- Investment analysis.
- Identification of opportunities according to the degree of maturity in low-carbon technologies.
- Climate change risks analysis and energy transition.
- Analysis of climate change and GHG regulation.

E1-8_03; E1-8_04; E1-8_05; E1-8_06; E1-8_07; E1-8_08 For example, when looking for an average unit price applicable to all businesses, covering 100% of the company's emissions in the year and characterised by a stable reference in the short and medium term, a CO_2 cost reference of around 40 €/tCO_2 is used, taking into account the following considerations:

- This price is estimated to maximise emission reductions in the energy sector at the lowest possible cost in the EU-ETS, considering the cost competitiveness analysis of thermal power generation and renewable generation. This benchmark is considered the "barrier price" to displace, in the wholesale electricity market, coal-fired thermal power generation to the benefit of gas-fired combined-cycles, as wind and solar technologies today do not need a CO_2 price to be competitive and displace gas-fired combined-cycles. This is therefore a price signal with which strategic decisions have been taken, such as the closure of Naturgy's coal-fired plants.
- In addition, this price is being used as a valid reference in previous EU-ETS 2 analyses.
- This price is a higher value, and therefore valid, than the current price in other markets such as the Mexican ETS and other diffuse sectors, such as gas distribution in Latin America or LNG trading.

E1-8_09 On the other hand, for the calculation of impairment losses on non-financial assets, see detail in Note 4 of the 2024 Annual Consolidated Financial Report, future projections of the price of CO2 have been used based on the best prospective information existing to date, considering the hypotheses of thermal generation established in the PNIEC 2021-2030, endorsed by the PNIEC 2023-2030 approved in 2024.

Therefore, the internal carbon price applied is aligned with the Annual Consolidated Financial Report, and is used in the assessment of the useful life of Naturgy's assets, their impairment and residual value, as well as in the valuation of the assets of the acquired companies.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CO_2 €/t	65.2	77.7	80.3	82.7	77.4	89.1	93.1	98.4	103.7	126.2

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-9)

Naturgy has carried out a double materiality assessment and a risk and opportunity analysis following the recommendations of TCFD, by means of which it has assessed the risks and opportunities that may generate a financial impact in the short-, medium- and long-term. More information on the methodology for identifying these risks and opportunities can be found in the section "Description of the processes to identify and assess material climate-related impacts, risks and opportunities" of this chapter.

In accordance with the phase-in provision contained in ESRS 1, Appendix C, regarding the disclosure of information on anticipated financial effects from risks and opportunities, the quantitative results obtained from the climate risk assessment at the different time horizons in which the study has been carried out are not disclosed in this Report. However, where potential financial effects have been identified during 2024, they are disclosed in note 2.4.25 k "Climate change and Paris Agreement" of the Annual Consolidated Financial Report.

The qualitative trends of the material physical risks are shown below, based on how the operational parameters behave in each of the simulated scenarios and how they could impact Naturgy's assets and business:

			Impact evaluation		
Classification	**Type of risk**	Time horizon relevance	NZE scenario	APS scenario	STEPS scenario
Acute physical risks	Extreme winds (cyclone, hurricane, gale)	Medium/Long	■	■	■
	Extreme rainfall-flooding	Medium/Long	■	■	■
	Forest fires	Medium/Long	■	■	■
Chronic physical risks	Sustained temperature increase effects	Medium/Long	■	■	■
	Increase in insurance premiums	Long	■	■	■

Risk: high (■), medium (■), low (■).

Time horizons: short 2030, medium 2040, long 2050.

As a result of the analysis carried out, it is concluded that the physical risks derived from climate change are specific to each geographical area, are progressive, associated with each technology, with low and homogeneous impacts between the different scenarios and over relatively long periods of time. However, the increase in the frequency and intensity of some extreme meteorological phenomena can be perceived in the shorter term, although the impacts are being adequately mitigated by the management policies and adaptation measures implemented in the different facilities affected.

An example of this in 2024 was the DANA in Valencia (Spain) on 29 October, where the physical damage to business assets was minor and did not compromise the supply chain continuity, despite being the most extreme event to occur in Spain in recent years. Se Note 2.24.25 k of the Annual Consolidated Financial Report for further details.

As can be seen in the table above, in terms of impact, extreme winds, rainfall and floods and, above all, fires, are the acute risks that materially affect Naturgy's different facilities.

In relation to chronic physical risks, the sustained increase in temperature is the variable that has the greatest impact on Naturgy's business, as it would affect the reduction in energy consumption, in particular, the reduction in the demand for natural gas.

Also, the increase in the severity and frequency of severe weather events could lead to an increase in insurance premiums covering the affected assets. These increases could occur to a greater extent outside Spain, taking into account the non-existence of an Insurance Compensation Consortium or in coverages not serviced by the Consortium. There could also be an increase in the current levels of deductibles payable by policyholders.

The qualitative results for the transition risks in the different scenarios analysed are shown below:

Classification	Type of risk/opportunity	Time horizon relevance	Impact evaluation		
			NZE scenario	APS scenario	STEPS scenario
Transition risks	Natural gas displacement due to climate policies and regulations (taxes, emissions trading systems, carbon pricing).	Medium/Large	■	■	■
	Market risk affecting thermal power generation	Short/Medium	■	■	■
	Litigation and sanctions related to alleged liability of the company or sector for climate change effects.	Short/Medium	■	■	No impact
Transition opportunities	Regulatory impulse for the development of biomethane and green hydrogen.	Medium/Large	■	■	■
	Regulatory impulse for the improvement of electricity grids through their digitalisation.	Medium/Large	■	■	■
	Regulatory impulse for the development of renewable electricity generation projects.	All	■	■	■
	Regulatory impulse of new business models and services based on energy efficiency, distributed generation, sale of decarbonised energy, etc.	Medium/Large	■	■	■

Risk: high (■), medium (■), low (■).

Opportunity: high (■), medium (■), low (■).

Time horizons: short 2030, medium 2040, long 2050.

As it can be seen, the speed of energy transition, marked by decarbonisation policies, consumer behaviour, technological innovation or the geopolitical, social and economic situation, will have a significant impact on the evolution of the energy mix and demand by energy type and, as a whole, may represent a greater risk for Naturgy the greater the pace at which changes occur if the company wasn't able to adapt to them.

Given the weight that natural gas businesses currently have in Naturgy, the impact of transition risks could be high in the three scenarios used, although it is more pronounced in the most ambitious scenarios in relation to climate targets and in any case higher than the physical risks.

The assessment of short-, medium- and long-term risks is a management tool for mitigating and adapting to climate change, given that the modelling of the operating parameters in each of the scenarios and the risks and opportunities assessed allow us to identify the action lines that the company must develop in the future to achieve its decarbonisation objectives and guarantee its resilience.

2. Pollution (E2)

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities (IRO-1)

In the previous chapter, Naturgy exposed in depth all the problems associated with climate change and its active role in mitigating and adapting to it. In particular, it has been evaluated how the emission of greenhouse gases (GHG) into the atmosphere affects climatic conditions. However, Naturgy's activity, or the activity of its partners and any company in the sector, may generate other substances, beyond GHGs, which may be harmful to the environment and society. Consequently, this chapter will be dedicated to explaining which of Naturgy's and its value chain's activities may produce an increase in pollution, as well as the substances that require greater attention.

E2.IRO-1_01 In this regard, Naturgy has included the matter of pollution in its double materiality assessment, which evaluates the impacts, risks and opportunities that may arise from, or affect, Naturgy's or its value chain's activity. The definitive list, which is presented below, has been developed according to the methodology indicated in the General disclosures chapter from this Report, section "Description of the processes to identify and assess material impacts, risks and opportunities".

E2.IRO-1_02 The fundamental role of stakeholders in determining the most relevant matters should be highlighted. Thus, within the framework of continuous dialogue, consultations have been conducted with the different groups on how Naturgy's assets may harm them in terms of pollution, therefore nurturing the double materiality assessment. The participation of stakeholders in the environmental impact assessments of the facilities is also relevant, and further details can be found in chapter "Biodiversity and ecosystems".

		Value chain (2)(3)	Business (4)	Time horizon (5)
POLLUTION				
Pollution of air				
N.I.(1)	Air pollution due to natural gas usage by customers: NOx emissions (all) and other pollutants to a lesser extent (VOCs, Hg, etc.) are generated. NOx and VOC emissions can contribute to the generation of ozone in the environment.	Downstream	Gas	Current
O	Improve air quality by replacing coal or petroleum derivatives with natural gas and electricity in cities with air pollution.	Downstream	Both	Short-term
Pollution of water				
N.I.	Water quality impairment and impacts on ecosystems and local communities in the vicinity of facilities dedicated to the extraction and processing of the fossil fuels used (mainly natural gas and, to a lesser extent, petroleum derivatives) and in the value chain of the equipment used in new projects (solar panels, etc.) due to spills (oil spills, pipelines breakage, leaks, chemicals, hazardous substances).	Upstream	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section "Naturgy and its value chain". The term "VC" has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities "Gas", "Electricity" and "Both" are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the "Current" category are those that have occurred the present year, and thus no time horizon applies.

E2.IRO-1_03 Under ESRS disclosure framework, the pollution chapter must be understood according to three dimensions: air, water and soil. In order to carry out a full assessment, Naturgy has taken into account all its own facilities, as well as those related to its value chain, whenever possible, using the best available data to make the relevant inferences. The following conclusions can be drawn from this evaluation:

- The impacts, risks and opportunities related in own operations have not exceeded the thresholds set in the assessment and are therefore considered not material for the company.
- Soil pollution is considered non-material for Naturgy, both in own operations and value chain.
- The generation or usage of substances of concern and substances of very high concern is also considered as non-material.

With regard to air and water pollution, it should be noted that no material risks have been identified in the short-, medium- or long-term, although negative impacts have been detected.

On the one hand, it has been concluded that the gas distributed and commercialised by Naturgy, at the stage of end-use by its customers, may be detrimental to air quality due to the emission of gaseous pollutants, other than GHGs. This situation may be harmful to people's health in population centres, as well as to the fauna and flora inhabiting neighbouring regions. On the other hand, given that natural gas is considered the least polluting fossil fuel, its commercialisation as a substitute for oil or coal derivatives could be an interesting solution to consumers, predominantly in the short-term, while at the same time solutions for the electrification of urban centres are provided.

In addition, the extraction and processing of fossil fuels, as well as the usage of other substances that can be harmful in the event of a spill, have resulted in a negative impact on water resources in the value chain.

In view of the above, and given that the negative impacts and opportunities identified in this matter are only related to the value chain, in terms of reporting quantitative information on the value chain, Naturgy has availed itself of the transitional provision 10.2 of ESRS 1, which is transversal to this chapter.

Additionally, in accordance with the requirements of Spanish Law 11/2018, Naturgy has analysed the materiality of light and noise pollution. In the first case, the assessment that was carried out determines that it is not a material matter for Naturgy's or its value chain's activity. In the case of noise pollution, it is included as a material issue, but from the perspective of the affected communities, due to the possible impact on their well-being. Therefore, as a way of mitigation, the facilities that require it have silencers, insulation and other acoustic measures to ensure compliance with legal limits and reduce the nuisance to the surrounding population and fauna, as well as monitoring and measurement programmes to ensure compliance with these requirements.

3. Water and marine resources (E3)

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities (IRO-1)

Water is an indispensable resource for the correct functioning of the planet, and its responsible management is a matter of interest for companies. Naturgy uses water for electricity generation, being especially relevant in the operation of combined-cycle power and hydropower plants.

E3.IRO-1_01 Given the relevance of this matter, Naturgy has paid special attention to it during the double materiality assessment, as a result of which the impacts, risks and opportunities related to water, associated with Naturgy's or its value chain's operations, have been identified and evaluated. In the General disclosures chapter of this Report, section "Description of the processes to identify and assess material impacts, risks and opportunities", the process followed is described.

E3.IRO-1_02 In relation to water, the perspectives of stakeholders have also been taken into account to ensure their integration in the double materiality assessment, through a continuous listening strategy, as well as specific consultations, especially during the design and construction stages of the electricity generation facilities, through the environmental impact assessments. Further information can be found in chapter "Biodiversity and ecosystems".

		Value chain (2)(3)	Business (4)	Time horizon (5)
WATER AND MARINE RESOURCES				
WATER				
P.I.(1)	Freshwater consumption reduction in water stress areas due to the use of reused water as input water to combined-cycle power stations (Mexico, CCPS Naco, Hermosillo and Durango, and Spain, CCPS Málaga) or by the use of seawater in cooling in combined-cycle power plants, several of them located in water stress areas.	OO	Electricity	Current
R	Electricity production reduction in water stress areas in hydroelectric or thermal power stations that use freshwater. Increases in costs due to the increase in the price of water.	OO	Electricity	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section "Naturgy and its value chain". The term "VC" has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities "Gas", "Electricity" and "Both" are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the "Current" category are those that have occurred the present year, and thus no time horizon applies.

Firstly, it can be concluded, from the double materiality assessment, that marine resources are not considered to be a matter that has exceeded the materiality thresholds set, both in terms of use and impact due to discharges into the marine environment.

On the other hand, it should be noted that no negative impacts related to water have been identified. This is due to the fact that Naturgy has an environmental management system certified according to the ISO 14001 standard, which includes specific procedures for water management. According to the monitoring process that was carried out, throughout the year 2024, 9 incidents of non-compliance related to water quantity or quality permits, standards and regulations have been recorded. In all cases, these were isolated exceedances, with no associated consequences reported. In parallel, as part of the environmental management system, 20 studies have been carried out at thermal and hydropower generation facilities to assess the water impacts on the environment. These included sampling campaigns to analyse the physical, chemical and biological characteristics of water bodies. The results of the studies confirmed the normal situation observed in previous years and concluded that the facilities studied did not generate material negative impacts.

In contrast, combined-cycle power plants that require water for their operation generate a positive impact on this resource, since the design of the plants focuses on optimising its use, *id est*, avoiding the consumption of freshwater in areas where it is scarce, by using alternative sources such as seawater or reusing discharges from other activities.

However, a potential risk associated with the most water-intensive facilities has been identified, specifically thermal power and hydropower plants. Specifically, the risk associated with water consumption is relevant when the facilities are located in water-stress areas, since electricity production may be affected by the scarce availability of the resource and the consequent increase in the price associated to it, and not by poor management by the company. As mentioned above, Naturgy has an environmental management system, through which it ensures responsible use of water.

Policies related to water and marine resources (E3-1)

[E3.MDR-P_01-06] Naturgy establishes in its Global Sustainability Policy the basic principles of action that guide Naturgy's activity in relation to the impacts, risks and opportunities related to water use. Further details on this policy can be found in the "Corporate policies" section of the General disclosures chapter of this Report.

[E3-1_01]; [E3-1_02]; [E3-1_03]; [E3-1_04]; [E3-1_05]; [E3-1_06] Specifically, this policy establishes the following commitments in relation to the use of water resources:

- Manage water responsibly and efficiently, to preserve the resource, protect aquatic ecosystems and social uses, especially in areas of water risk.
- Minimise the use of freshwater in the design of new facilities located in areas of water risk, prioritising its regeneration and reuse or the use of alternative sources.
- Prevent pollution and treat waste discharges adequately before they are released into the environment, complying with regulatory water quality standards.
- Protect, restore or regenerate aquatic ecosystems affected by company's activities in the manner established by the relevant regulations or concession titles.

[E3-1_09] Given the activity carried out by Naturgy, no material impacts on the use of oceans have been identified, so the company has not adopted specific policies in this regard.

Actions and resources related to water and marine resources (E3-2)

Naturgy considers sustainable water management a priority matter, given its direct implications on the environment and society as a whole. In this regard, the company establishes different initiatives, including the application of the best available techniques in water management, to efficiently use this resource, reduce its consumption and, thus, reduce the impact on the environment.

E3-2_03; MDR-A_01; MDR-A_02; MDR-A_03 Therefore, Naturgy always applies the precautionary principle to avoid potential impacts and mitigate possible risks related to water management. Proof of this is that, in the design phase of its facilities, with special attention to those more intensive in water consumption located in regions of water risk (including areas of high water-stress), environmental impact studies are carried out taking into account the project alternatives and the natural environment, paying special attention to water and its availability, both for ecosystems and for the affected population. As a result, the necessary measures are included in the project design to ensure the minimisation of environmental and social impacts and risks linked to water use.

In the environmental impact assessment process, both the project and the study itself are subject to public information to ensure stakeholder participation and input. The result is an environmental authorisation that specifies the concrete conditions of the project and guarantees water management adjusted to the local context of availability of the natural resource and compliance with public policies.

MDR-A_04 Once the facilities enter the construction or operation phase, the monitoring and analyses established in the environmental studies and authorisations are carried out to ensure compliance. This way, Naturgy minimises business continuity risk associated with water consumption at its facilities' locations, especially in regions of water-stress[6]. In addition, strict operational control and risk management procedures are implemented (environmental emergency plans, drills, etc.) to prevent incidents or minimise damage.

MDR-A_05 As already mentioned in the section "Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities" of this chapter, in 2024, 9 incidents of non-compliance related to water quantity or quality permits, standards and regulations have been identified, with no associated harm; as well as 20 studies at thermal power and hydropower generation plants in order to assess water impacts on the environment, being non-significant in all cases.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12 In economic terms, all the actions related to water do not generate income for the company, and Naturgy's financial contribution in concept of capital investments and associated operating expenses is not significant, and is consolidated in economic items of greater entity. Therefore, at accounting level, it is very difficult to provide individualised details of these items.

Although the impacts identified are concentrated under the scope of its own operations, Naturgy extends its commitment to sustainable water management to its value chain.

Targets related to water and marine resources (E3-3)

Naturgy carries out its activity guaranteeing, in all cases, the responsible and sustainable use of natural resources. Given the nature of its operations, the company has identified a significant current dependence on water, especially in its thermal power and hydropower generation plants. Although these facilities have water management plans (within the framework of the environmental management system), they are designed to limit water consumption to the minimum necessary levels.

MDR-T_04; MDR-T_07; E3-3_01; E3-3_03; E3-3_08 Naturgy, voluntarily, integrated two global targets related to water management in its 2021-2025 Sustainability Plan, aimed at minimising its impact, especially in those locations where the availability of the resource is limited.

The first of these targets aims to reduce total water consumption, while the second one focuses on limiting the intensity of water consumption in electricity generation activities. The latter commitment is aligned with the company's strategy of promoting sustainable growth, by encouraging a greater share of renewable technologies, such as wind and photovoltaic, which do not require water to operate.

[6] Plants are considered to be in water-stress areas when relative water scarcity levels exceed 40%.

MDR-T_11; MDR-T_12; MDR-T_13 The achievement of these targets is supervised annually by the Board of Directors, through the Sustainability Commission, in order to ensure compliance. When setting the goals, the Board has taken into consideration the vision of Naturgy's stakeholders in terms of water consumption and, in an exercise of good practice, has aligned the company's ambitions with the perspectives of the different groups, although they have not been directly involved in the decision-making process. On the other hand, it is worth mentioning that there have been no changes either in the target, nor in the methodology for measuring Naturgy's performance, assumptions, limitations, data sources or processes to collect them.

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Total water consumption (m^3)	2021	2017	14.7	16.45	17.0	28.0
Water consumption intensity in generation (hm^3/TWh)	2021	2017	0.31	0.39	0.39	0.60

MDR-T_13 In 2024, Naturgy has consumed a total of 16.45 hm^3 of water, which means a 3.2% less than the previous year, mainly due to a reduced operation of combined-cycle power plants in Spain. On the other hand, the annual water consumption intensity has been 0.39 hm^3/TWh, equivalent to the previous year.

As mentioned in the "Purpose and strategy" section of the General disclosures chapter, Naturgy has published a 2025-2027 Sustainability Plan, which stems from the new Strategic Plan 2025-2027, approved during the Board's meeting held on 18 February 2025. The targets included in the new Sustainability Plan in relation to water management are indicated below:

	Approval year	Base year	Target 2027	Baseline value
Total water consumption (m^3)	2025	2022	17.3	18.8

E3-3_02 In any case, the targets established by Naturgy do not relate to marine resources since, as a result of the double materiality assessment, it has been concluded that these are not applicable to Naturgy and its value chain.

Water consumption (E3-4)

E3-4_06 Naturgy assesses the impact that can generate on water throughout the hydrologic cycle, as well as the risks and opportunities associated to it, through the double materiality assessment. This section has been developed regarding this vision, and is useful to know the company's performance with respect to water resources management in 2024. In particular, water consumption across all the geographies where Naturgy operates will be presented, as well as in areas of high water-stress.

As an additional note, company's water consumption represents only 2.1% of total water withdrawn, as most of the water used is returned to the environment. The most relevant facilities in relation to water management are thermal power plants (combined-cycle power plants, fuel-engine power plants and cogeneration plants), which account for 99.5% of Naturgy's total water consumption. The highest consumption occurs in the cooling towers of combined-cycle power plants, where water evaporates during the cooling process and is released into the atmosphere in the form of steam, thus reintegrating into its natural cycle. In addition, water consumed in these plants comes mostly from discharges from other facilities that are reused or from seawater, which helps to reduce the pressure on freshwater reserves in the regions where facilities are located. This approach is particularly relevant in areas with water scarcity, where the optimisation of resources is of great importance.

E3-4_11 Although according to ESRS E3-4 disclosure requirement only water consumption data needs to be reported, according to the requirements of Spanish Law 11/2018, it is necessary to report withdrawals and discharges data in own operations, as detailed in the table below:

- **Water withdrawals, consumption and discharges (m^3)** E3-4_01

	2024	2023
Withdrawals	768,703,804	776,660,371
Consumption	16,453,893	16,993,077
Discharges	752,415,300	759,832,452

Globally, in absolute terms, in 2024, there has been a 3.2% decrease in water consumption. This was due to the fact that the weather in Spain was favourable for renewable generation, so the combined cycle plants, which back up hydroelectric and wind generation, operated less than in 2023, which was particularly dry.

The following table provides details of water consumption at Naturgy in cubic metres (m^3), broken down according to its source of origin.

- **Water consumption by source (m^3)**

	2024
Seawater[1]	5,993,456
Wastewater used from another organisation (reuse)[1]	9,084,504
Surface freshwater[2]	1,009,779
Fresh groundwater[2]	280,126
Water from supply network[2]	86,028
Total	16,453,893

[1]Total dissolved solids (TDS) > 1.000 mg/l.

[2]Total dissolved solids (TDS) ≤ 1.000 mg/l.

Water consumption in thermal power plants, which account for 99.5% of total consumption, is calculated as a water balance based on direct measurements obtained through flow meters and records of the operation of supply pumps. In addition, discharges are measured, and their consumption is calculated as the difference between the water supplied and the discharges recorded. This methodology allows to obtain consumption data in installations based, above all, on values obtained by direct measurement in the installations, and it is not necessary to resort to extrapolations or sectoral factors.

E3-4_03 It is worth mentioning that Naturgy also uses wastewater that comes from other industries or from urban origin and that is treated for reuse. In this regard, the company has consumed a total of 9,084,504 m^3 of reused water. To determine this value, it was applied the methodology described in the previous paragraph.

E3-4_04; E3-4_05 Finally, it should be noted that neither Naturgy has stored water to carry out its operations in future years, nor has it used water stored in previous years. It should also be noted that the reservoirs associated with hydropower generation facilities do not store water for consumptive use, so it is not taken into consideration for this purpose.

Water consumption in water-risk areas E3-4_06

The previous section analysed how water quantity and its typology (freshwater, seawater, etc.) determine Naturgy's impact on this resource. However, an additional factor of great relevance in assessing a company's performance in this matter is the pressure associated with water conditions of the regions where its facilities are located.

As stated above, thermal power plants account for 99.5% of the company's total water consumption, while the rest of the facilities have a negligible water impact. The company has therefore focused its consumption analysis on the regions where its thermal power plants are located. In order to do so, Naturgy used the Aqueduct global water risk mapping tool developed by the World Resources Institute (WRI), which provides detailed indicators to assess water availability and quality in different areas.

Among these indicators, there are two that could be used. On the one hand, the water stress index, which measures the relationship between demand and the annual renewable availability of water resources in a region, identifying areas where current demands may exceed the replenishment capacity of the resource. On the other hand, the water risk index, which takes a broader view by considering, in addition to water stress, factors such as floods, droughts and water quality.

In order to decide which of the two indicators is considered in the analysis, a previous analysis has been carried out in which significant differences were detected between both indexes. Considering the water stress index, 16 of the 22 thermal facilities of Naturgy are located in areas classified as high water-stress (relative water scarcity levels exceed 40%). However, when applying the water risk index, only 12 of these facilities remain within the areas identified as high water-risk (high or extremely high). This discrepancy shows that the water stress index is more conservative, as it considers only the direct pressure on the resource, without including other factors that could soften the assessment.

For this reason, the water stress index was chosen as the main indicator for this analysis, as it allows for a more restrictive assessment. By adopting this methodology, Naturgy ensures that its conclusions reflect more demanding scenarios, prioritising the safety and sustainability of its operations.

Naturgy's thermal power plants have been designed to minimise their impact in areas with low water availability, using mainly seawater or wastewater from other activities, which significantly reduces freshwater consumption. In fact, only 12.4% of the water consumed by thermal power plants in water-stress areas corresponds to freshwater, reflecting an efficient and sustainable approach to the management of this resource.

In the table below further detail of water consumption in water-stress areas can be found, differentiating the sources and volumes used.

- **Water consumption in areas of high water-stress (m^3)** E3-4_02

	2024
Seawater[1]	1,672,852
Wastewater used from another organisation (reuse)[1]	7,432,388
Surface freshwater[2]	1,009,357
Fresh groundwater[2]	247,388
Water from supply network[2]	27,502
Total	10,389,487

[1]Total dissolved solids (TDS) > 1.000 mg/l.

[2]Total dissolved solids (TDS) ≤ 1.000 mg/l.

E3-4_06, E3-4_07 As an additional note, the calculation of water consumption of thermal power plants in water-stress areas is aligned with the general methodology explained on previous pages.

Water intensity ratio E3-4_08

Naturgy has evaluated its performance with respect to water consumption by calculating water intensity. In this regard, the company's dependence on this resource when generating its net income can be measured. A comparison of the current year with the previous one is presented below.

	2024			2023		
	Water consumption (m^3)	Net turnover (million €)	Ratio (m^3 / million € net turnover)	Water consumption (m^3)	Net turnover (million €)	Ratio (m^3 / million € net turnover)
Total	16,453,893	19,267	853.99	16,993,077	22,617	751.34

Although water consumption has decreased by 3.2% in comparison to the previous year, the water consumption intensity ratio has increased as the value of net turnover has decreased.

Anticipated financial effects from water and marine resources-related impacts, risks and opportunities (E3-5)

Naturgy, in 2024, has availed itself of the phase-in provision determined in ESRS 1, appendix C, regarding the disclosure of information on anticipated financial effects from the risks and opportunities in this chapter.

4. Biodiversity and ecosystems (E4)

Transition plan and consideration of biodiversity and ecosystems in strategy (E4-1)

Biodiversity is fundamental to human well-being and sustainable development, providing essential services such as food production, climate regulation and water purification, known as ecosystem services. It is therefore necessary to take action in order to conserve and restore biodiversity by effectively integrating it into the policies, plans and practices of all economic and social sectors.
Naturgy integrates biodiversity in a global manner with the axes of energy transition towards decarbonisation: climate, nature and people. Although the company does not have a specific transition plan yet with respect to biodiversity and ecosystems, the strategy and business model focuses on the development of renewable energies, both in electricity generation and renewable gases, to contribute to climate mitigation, which is one of the main negative impacts drivers on biodiversity. This strategy requires the construction of new infrastructure, such as wind farms, photovoltaic plants, renewable gas production plants and electricity grids. While these activities contribute positively to mitigating climate impacts at global level, they can also cause negative local impacts, mainly associated with land-use change due to the occupation of new infrastructure; and with impacts on wildlife, particularly birds. To address these challenges, management focuses on prevention, integrating biodiversity and ecosystem protection into the design of new facilities. New projects undergo rigorous environmental impact assessment processes prior to their authorisation, in addition to implementing preventive and corrective measures and operational controls throughout their useful life.

Although the existing facilities also generate impacts on biodiversity, the environmental management system certified under ISO 14.001 guarantees the monitoring and control of these impacts during operation. This ensures that they are kept at levels that are compatible with the conservation of the environment, and promotes continuous improvement in environmental management.

In relation to biodiversity and ecosystem dependencies, water and its flow regulation becomes relevant in future scenarios marked by the scarcity of water resources in certain areas due to climate change. This particularly affects existing infrastructures, such as hydropower plants or thermal generation facilities that use freshwater. However, the new renewable electricity generation technologies planned in the strategy, which do not require water to operate, limit these risks significantly.

These impacts and dependencies can generate significant risks, notably those related to damaging threatened species and the tightening of biodiversity protection regulations. The latter can result in delays in the authorisation of new projects, increased development and operating costs, reduced revenues or even reputational risks for the organisation.

E4-1_01 Naturgy considers the management of biodiversity and the impacts of its activities on ecosystems as a key factor for its resilience, describing below the assumptions, scenarios and conclusions of the resilience analysis.

Resilience analysis assumptions E4-1_03

E4-1_02 The information used to analyse the resilience of the strategy and business model in relation tp biodiversity and ecosystems comes from the double materiality assessment, described in the General disclosures chapter of this Report, section "Description of the processes to identify and assess material impacts, risks and opportunities", which has evaluated all the activities carried out by Naturgy and its value chain. In the specific case of biodiversity, for its own operations, this analysis has been based on the application of the LEAP approach, recommended by the Taskforce on Nature-related Financial Disclosures (TNFD) initiative, about which greater detail is provided in the following section. However, it has not been possible to also use the LEAP approach for the value chain, due to the lack of the necessary baseline data.

E4-1_04 With regard to the temporal scope, the time horizons described in the General disclosures chapter, in the section "Disclosures in relation to specific circumstances" have been respected, *id est*:

- **Short-term**: this corresponds to the year after the reporting period, that is, the year 2025.
- **Medium-term**: covers the period 2026-2030, both included.
- **Long-term**: beyond 2030.

E4-1_06 In addition, the perspectives of Naturgy's different stakeholders have been taken into consideration, through a representative from each group. In particular, the expectations of affected communities have taken on great relevance, given their exposure to potential negative impacts related to biodiversity and ecosystems, as well as the reputational risk that the materialisation of these impacts could entail for the company.

With regard to future scenarios that may occur in the future for assessing risks and opportunities, a TNFD scenario has been considered, which combines two key aspects: the degree of degradation of biodiversity and ecosystem services, and the level of alignment of government and market forces with biodiversity protection. Specifically, it has been assumed the scenario in which there is a moderate loss of biodiversity and in which new regulatory requirements aimed at biodiversity protection emerge, together with voluntary initiatives driven by companies to encourage investment in nature, motivated by the need to mitigate reputational risks, as well as by growing social and financial pressures.

E4-1_05 Resilience analysis conclusions

This chapter details the analysis that was carried out to measure the resilience of Naturgy's business model, taking into account the dependencies, impacts, risks and opportunities on biodiversity and ecosystems, related to the activities carried out by the company. The analysis shows that the loss of biodiversity in the expected scenario, although significant, does not compromise the viability of the development of Naturgy's activities. Furthermore, the increase in investments and expenses intended to the protection of biodiversity and ecosystems, derived from tighter regulatory requirements, is assumable and does not affect the company's financial results significantly. In addition, the management measures implemented ensure that residual risks are limited, both for the environment and for the organisation itself. In conclusion, the resilience analysis confirms that Naturgy's current strategy and business model are resilient to the different risks identified, including new legislative requirements and growing social sensitivities.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

As mentioned in the previous section, Naturgy has carried out a double materiality assessment, including the value chain and based on the application of the LEAP methodology for its own operations, from which current and potential impacts, risks and opportunities related to biodiversity and ecosystems, which could be applicable to its own operations and value chain, have been identified and evaluated. Using impact and financial materiality thresholds, the results obtained are presented in the table below.

		Value chain (2)(3)	Business (4)	Time horizon (5)
BIODIVERSITY AND ECOSYSTEMS				
Direct impact drivers of biodiversity loss				
N.I.(1)	Biodiversity loss due to the occupation of the terrestrial ecosystem and land-use change due to the construction of new infrastructures (photovoltaic plants, electricity grids), as well as hydroelectric power plants constructed in the past, which produced land- and freshwater-use changes.	OO	Both	Current
	Immediate biodiversity loss due to habitat destruction caused by clearing, land-use change and occupation linked to the necessary operations for the supply of fuels, materials and equipment.	Upstream	Both	Current
Impacts on the state of species				
N.I.	Deterioration in the state of species, with special relevance for endangered species, mainly in wind farms (collision of birds and bats), power lines (collision and electrocution of birds), photovoltaic plants (impact on steppe birds) and hydropower plants (aquatic species).	OO	Electricity	Current
R	Sanctions or operational losses associated to impacts on endangered species. Delay in the authorisation of new projects or increase in development and operation costs due to stricter nature protection requirements. Decrease in revenue from hydropower generation due to stricter ecological flow criteria. Loss in brand value related to negative impacts on biodiversity.	OO	Electricity	Short-term
Impacts on the extent and condition of ecosystems				
N.I.	Ecosystems deterioration due to climate change caused by greenhouse gas emissions.	VC	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

Naturgy has concluded that material impacts on biodiversity and ecosystems are associated to its own operations, due to the modification of the habitats where its different types of assets are installed, and the consequent impact on the species that inhabit them, which generates an additional risk in the case of interaction with threatened species.

For the assessment of impacts and dependencies associated to own operations, based on the LEAP methodology, specific matrices have been used for each type of asset, developed from the ENCORE tool (Exploring Natural Capital Opportunities, Risks and Exposure). These matrices have been adjusted through a collaborative analysis carried out within the framework of the Natural Capital Working Group of the energy sector in Spain, in which seven companies from the sector participate. More detail on the methodology used can be found on the following section, "Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities".

With regards to the company's value chain, it has also been inferred that procurement activities generate an impact on the habitats surrounding the facilities and their biodiversity, being this situation aggravated by the GHG emissions along the value chain, which intensify the consequences of climate change.

E4.SBM-3_05; E4.SBM-3_06 However, it should be noted that in relation to Naturgy's operations or its value chain, no material impacts related to land degradation, desertification or soil sealing have been identified.

Description of material impacts and implemented mitigation measures

The impacts assessed as material for each impact driver are described below, along with the mitigation measures that, where appropriate, have been considered necessary to be implemented in the different technologies. These measures aim to keep the magnitude of the impact at acceptable levels, avoiding the loss of biodiversity and the affectation of ecosystem services that could generate negative consequences for communities. Further details on these measures can be found in section "Actions and resources related to biodiversity and ecosystems".

Impact drivers of terrestrial ecosystems- and freshwater-use change

- The material impacts on terrestrial ecosystems are associated with the photovoltaic power plants, due to the large areas occupied by the panels, and the power lines, which require buffer strips without tree vegetation. These impacts are avoidable and recoverable, as prior studies are carried out to select the alternatives with the least impact and, after the works completion, affected areas are restored, except for those permanently occupied, which are recovered by dismantling them at the end of their useful life.
- Material impacts on freshwater ecosystems are mainly related to hydropower plants, which transform river ecosystems into lake ecosystems due to the creation of reservoirs. These facilities, which were built years ago, had historical impacts on terrestrial ecosystems, mainly through the flooding of areas occupied by the reservoirs. However, it should be noted that these reservoirs have generated valuable aquatic natural spaces that fostered biodiversity and motivated subsequent environmental protection, as detailed in section "Impact metrics related to biodiversity and ecosystems change".

Impact drivers of effects on biodiversity

- Aquatic ecosystem disturbance is a potential impact for combined-cycle power stations, due to the possible effects of higher temperature cooling discharges. However, this impact is not material, as it is kept within low significance levels thanks to the design of the facilities (including cooling towers) and continuous monitoring of thermal impact, which ensures compliance with regulations and limitation of negative effects on aquatic ecosystems.
- Biological disturbances are a material impact for hydropower plants, wind farms, photovoltaic plants and power lines. In hydropower plants, dams and reservoirs generate permanent disturbances to aquatic fauna by affecting spawning areas and migration flows; however, measures such as the implementation of ecological flows and fish ladders are adopted. Wind farms involve collision risks for birds and bats and photovoltaic plants can affect steppe bird habitats, while power lines involve collision and electrocution risks for birds. In all these projects, during the design phase, environmental studies are carried out and the sensitive species existing in the surroundings of the sites are analysed, adapting the location, implementing preventive, corrective or compensatory measures and carrying out environmental monitoring throughout their useful life to ensure that the impacts are kept at acceptable levels. In particular, wind farms include additional measures, where necessary, such as the collection of carrion to avoid attracting scavenger birds and their risk of collision or the installation of systems that stop wind turbines in the event of an imminent risk. On the other hand, power lines incorporate specific designs with supports, insulators and bird guards to reduce impacts on birds.

It should be noted that the applied LEAP methodology, recommended by TNFD, considers a nature-based approach, which includes both biodiversity and other components such as climate change, pollution or resource use. In any case, these issues are specifically addressed in detail in other chapters of this Report ("Climate change", "Pollution", "Water and marine resources" and "Resource use and circular economy").

Based on the impacts identified in the double materiality assessment and the dependencies evaluated, the list of facilities within sensitive areas has been determined, according to the process described in the section "Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities". As a result, the sites that could potentially affect high biodiversity areas or protected natural areas are presented below, classified by facility type.

- **Material sites in its own operations** E4.SBM-3_01; E4.SBM-3_02; E4.SBM-3_03; E4.SBM-3_04

2024	Sites in sensitive areas	Related potential material impacts	Related potential material dependencies	Key Biodiversity Areas (protected)	Ecological status of the area (% facilities in areas of high biological integrity)
ELECTRICITY GENERATION					
Renewable technology					
Wind farms	51%	▪ Biological disturbance/ interference: risk of bird and bat collisions	▪ Climate regulation ▪ Storm mitigation	MNA, MAB, IBA, ZEPA, OSPAR, ZREEN, RNE, PPG, ZIC, PNA, PEIN	96%
Photovoltaic power plants	13%	▪ Terrestrial ecosystem use: land occupation and land-use change ▪ Biological disturbances/ interferences: negative effects on steppe species	▪ Climate regulation ▪ Storm mitigation	IBA, ZREEN	60%
Hydropower plants	59%	▪ Water use: flow diversion ▪ Use of terrestrial and freshwater ecosystem: reservoir ▪ Biological disturbances/ interferences: impact on aquatic species	▪ Water supply ▪ Flood mitigation ▪ Climate regulation ▪ Soil and sediment retention ▪ Rainfall pattern regulation ▪ Water flow regulation	MAB, IBA, ZREEN, PNA, MNA, RNE, RF	92%
Conventional technology					
Combined-cycle power stations	47%	▪ Water use: water consumption ▪ Use of other resources: natural gas consumption ▪ Climate change: GHG emissions	▪ Water supply ▪ Other supply services: fuels ▪ Water purification ▪ Rainfall pattern regulation ▪ Water flow regulation	IBA, ZREEN, PJN, RAMSAR, PEIN, MAB, ZH	88%

2024	Sites in sensitive areas	Related potential material impacts	Related potential material dependencies	Key Biodiversity Areas (protected)	Ecological status of the area (% facilities in areas of high biological integrity)
Fuel oil-fired power stations	50%	▪ Use of other resources: consumption of oil derivatives ▪ Climate change: GHG emissions	▪ Other supply services: fuels	AUS	100%
Cogeneration	40%	▪ Use of other resources: consumption of oil derivatives ▪ Climate change: GHG emissions	▪ Other supply services: fuels	IBA, ZREEN, MAB	100%
Coal-fired power stations (decommissioning)	50%	▪ No material impacts have been identified	▪ No material dependencies have been identified	ZREEN, MAB	100%
RENEWABLE GASES					
Biomethane plants	0%	▪ No material impacts have been identified	▪ Biomass supply: organic waste	Not applicable (see notes at the end of the table)	Not applicable (see notes at the end of the table)
ENERGY GRIDS					
Electricity grids					

2024	Sites in sensitive areas	Related potential material impacts	Related potential material dependencies	Key Biodiversity Areas (protected)	Ecological status of the area (% facilities in areas of high biological integrity)
Power lines	20%	▪ Use of terrestrial ecosystem: occupation and land-use cjange in the construction phase, by opening the buffer strip and removing tree vegetation. ▪ Biological disturbance/ interference: bird collisions and electrocutions	▪ Climate regulation ▪ Storm mitigation	PN, AUS, PPG, LPM, RAMSAR, ZREEN, MNA, RNE, PNA, PR, M, IBA, MAB, RF, HP, ZECIC, ZIC, PNPE, ZEPA, OSPAR, ARM, INDEF, AGHE	Not applicable (see notes at the end of the table)
Substations	22%	▪ No material impacts have been identified	▪ No material dependencies have been identified	PN, PPG, MAB, IBA, ZREEN, PNA, PR, HP, RF	96%
Gas networks					
Gas pipelines	5%	▪ No material impacts have been identified	▪ No material dependencies have been identified	PPG, MAB, PN, AUS, MNA, RNE, AGHE, RFS, SN, ZREEN, RNP, PNPE, PR, PJNM, ZEPIM, PNA, M, PJNIN, ZIC, ZECIC, EN, PEIN, PPU, HP, ZH, ZEPA, RAMSAR, OSPAR, IBA, PJN, ANP, ZPECP, PE, PU, ZPHE, ZSCE	Not applicable (see notes at the end of the table)
LNG, CNG and LPG plants	34%	▪ No material impacts have been identified	▪ No material dependencies have been identified	PPG, MAB, IBA, ZREEN, ZECIC, PEIN, PR, ZH, RAMSAR, PNA	97%

2024	Sites in sensitive areas	Related potential material impacts	Related potential material dependencies	Key Biodiversity Areas (protected)	Ecological status of the area (% facilities in areas of high biological integrity)
Key Biodiversity Areas legend:	IUCN: AGHE-Habitat/species management areas (IV) (Bra Pan); AUS-Protected area with sustainable use of natural resources (VI) (Arg Bra Mex Pan Dom); MNA-Natural monument (III) (Bra Esp Mex Pan); PN-National park (IIb) (Arg Bra Esp Mex Pan); PPG-Protected terrestrial/marine landscape (V) (Arg Bra Esp Pan); RNE-Strict Nature Reserve (I) (Bra Esp). International Agreements: LPM-World Heritage Site (Arg Pan); MAB-Biosphere Reserve (Arg Chl Cri Esp Mex Pan); OSPAR-Protected Areas, of the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR) (Esp); RAMSAR-Wetlands of International Importance especially as Waterfowl Habitat (Arg Esp Mex Pan); ZEPIM-Specially Protected Areas of Importance of the Mediterranean Sea (Esp). Others: ANP-Natural Protected Area (Mex); ARM-Managed Resource Area (Pan); EN-Natural Enclave (Esp); HP- Protected Wetland (Esp); IBA-Important Bird Area (important areas for the conservation of birds and biodiversity) (Esp); INDEF-UNDEFINED (Pan); M-Microreserve (Esp); PE-State Park (Mex); PEIN-Special Protection Plan (Esp); Natural Place (Esp); PJNIN-Natural Park of National Interest (Esp); PJNM-Municipal Natural Park (Esp); PNA-Natural Park (Esp); PPU-Periurban Park (Esp); PR-Regional Park (Esp); PU-Urban Park (Mex); RF-Fluvial Reserve (Esp); RFS-Forestry reserve (Chl); RNP-Partial Natural Reserve (Esp); SN-Nature Sanctuary (Chl); ZECIC-Special Conservation Area of Community Importance (Esp); ZEPA-Special Protection Area for Birds (Esp); ZH-Wetlands (Esp); ZIC-Zone of Community Importance (Esp); ZPECP-Zone of Ecological Preservation of Population Centres (Mex); ZPHE-Zone of Hydrological and Ecological Protection (Mex); ZREEN-Zone of European Ecological Natura 2000 Network (Esp); ZSCE-Zone Subject to Ecological Conservation (Mex); PNPE-Peripheral Zone of Protection of National Park (Esp).				
Countries legend:	Esp (Spain), Bra (Brazil), Chl (Chile), Cri (Costa Rica), Mex (Mexico), Pan (Panama), Dom (Dominican Republic)				

As additional notes on the table above, it must be considered that:

- The methodology for determining material sites located in biodiversity-sensitive areas is explained in detail in the (L) and (E) phases of the LEAP approach, which is described in the section below. Further details on the impact on biodiversity-sensitive areas can be found in the table "Sites within or adjacent to biodiversity-sensitive areas".
- The value in column "Sites in sensitive areas" represents the percentage of total sites that are within or adjacent to biodiversity-sensitive areas. To calculate this percentage, the number of installations has been considered in the case of one-off infrastructures, and linear kilometres for networks. The methodology and sources of information used for this calculation are described in more detail in the following section.
- The value in column "Ecological status of the area" indicates the percentage of sites located in sensitive areas that are located in areas with high biological integrity (BII ≥ 0.7). The methodology used and the sources of information used to determine this value are detailed in the following section.
- In the case of linear infrastructures, such as gas pipelines and power lines, their extensive nature prevents the assignment of a specific ecological status to the areas they cross, unlike one-off facilities, with geo-referencing, where this categorisation is more feasible. It has therefore been indicated in the table as "Not applicable".
- In technologies where there are no installations in sensitive areas, it has been indicated as "Not applicable" in the cells for "Key Biodiversity Areas" and "Ecological status of the area".

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities (IRO-1)

E4.IRO-1_01; E4.IRO-1_03; In order to determine the impacts, risks and opportunities related to biodiversity and ecosystems described in the previous section, Naturgy, in the case of its own operations, has applied the LEAP methodology recommended by TNFD, as described above.

The double materiality assessment that was carried out also includes the activities of the value chain. Specifically, in relation to the risks derived from the value chain, the company's purchasing and supplier management model (see chapter "S2 Workers in the value chain", section "Actions to manage negative and positive impacts") contemplates ESG criteria that cover all environmental aspects, including biodiversity. In this regard, a specific assessment of nature risk is carried out for all suppliers.

E4.IRO-1_05; E4.IRO-1_06; E4.IRO-1_07; E4.IRO-1_08 It should also be noted that the analysis has taken into account the perspectives of affected stakeholders in terms of biodiversity and ecosystems, especially those from affected communities, although Naturgy's commitment in relation to them is not only limited to this analysis.

On the one hand, with regard to new facilities, the precautionary principle is applied, carrying out environmental impact analyses during the design phase in order to evaluate the surroundings of the sites, paying special attention to protected areas of high ecological value. These studies and the project itself are subject to public information, thus guaranteeing the participation of stakeholders, particularly affected communities. The positive response from the regulator to the environmental impact analysis implies the tacit approval of stakeholders, given that all possible allegations presented are taken into account. As a result of the study, Naturgy adapts the location and components of the project to avoid negative impacts and establishes the necessary corrective or compensatory measures when it is not possible to avoid the impact.

In addition, Naturgy carries out specific social relationship plans with affected communities throughout the entire lifecycle of the projects, beyond the design stage. More information on Naturgy's relationship model with affected communities can be found in chapter "Affected communities" of this Report.

Once the facility is in operation, the company applies operational control procedures and, in those facilities where there may be a greater potential impact, environmental risk assessments are carried out and emergency plans are defined to prevent the incident before it occurs, or to minimise its damage. Periodic environmental emergency drills are also carried out to test the defined procedures.

LEAP methodology description

LEAP methodology is structured in four phases: Locate, Evaluate, Assess and Prepare. The first three (L, E and A) are described below, since phase P, corresponding to the preparation and reporting of information, is fully complied with in this Report, following the reporting standards established by the ESRS.

Locate phase (L)

In order to identify key activities and their interaction with nature, a business model and value chain analysis has been carried out. This analysis has revealed that, although there are material dependencies and impacts along the entire chain, mainly upstream, the lack of complete information limits the possibility of a comprehensive analysis of all stages. For this reason, the scope of the LEAP analysis has been restricted to facilities under own control, where sufficient data is available to apply this methodology.

For this purpose, a Geographic Information System is used to geolocate all the company's facilities.

E4.IRO-1_14 Because of this System, the interaction of the facilities with nature has been assessed, taking into account their location and areas of influence in relation to sensitive areas, defined according to the following criteria:

- **Importance for biodiversity:** ecosystems identified as biodiversity hotspots, protected areas or other internationally recognised areas have been considered. In these areas, the risks associated with the loss or deterioration of nature are higher. The World Database on Protected Areas (WDPA) has been used for this assessment in all countries except Spain, where information from the Natura 2000 Sites Network (RN2000) has been used.
- **Ecosystem integrity or conservation status:** in ecosystems with a high conservation status, activities with higher impact could significantly compromise their condition. This criterion has been assessed using the Biodiversity Intactness Index (BII), based on the global geographic layer available on the UK Natural History Museum website (https://www.nhm.ac.uk/our-science/data/biodiversity-indicators/about-the-biodiversity-intactness-index.html).
- **Water-stress areas:** identification of those areas where the quantity or quality of available water is deteriorating. These conditions expose water-consuming activities to increased environmental risk related to water availability. This criterion is detailed in section "Water consumption" of this Report.

As a result of this phase, sensitive areas have been identified and interwoven with the sites, including their areas of influence, to determine whether the facilities are located within or near key biodiversity areas. For sites located in sensitive areas, an analysis of the conservation status of the ecosystems in these areas has been carried out, considering:

- BII ≥ 0.7: Ecosystems with maintained integrity.
- BII < 0.7: Ecosystems that have deteriorated.

Evaluate phase (E) E4.IRO-1_01; E4.IRO-1_02

In this phase, the assessment of impacts and dependencies associated with Naturgy's operations is carried out. For this purpose, specific matrices developed for each type of asset have been used, based on the ENCORE tool (Exploring Natural Capital Opportunities, Risks and Exposure). These matrices have been adapted through a collaborative analysis carried out within the framework of the Natural Capital Working Group of the energy sector in Spain, which brings together seven companies in the sector. This approach has allowed the integration of key information from historical baseline studies, environmental impact assessments, facility monitoring and analyses of the accumulated events over time.

The assessment has considered the impacts and dependencies of various typologies of installations throughout the lifecycle stages of the assets. This includes not only the operation phase, but also the construction phase of wind farms, photovoltaic plants, biomethane plants and power grids, due to the planned investments in these technologies. In addition, the decommissioning phase of coal-fired power plants has been assessed.

The potential impacts and dependencies of each type of technology have been classified on a scale of five levels of materiality, ranging from very low to very high. To determine their materiality, technologies with moderate, high or very high values have been considered to have significant impacts or dependencies on nature and are therefore considered material facilities.

As a result, a matrix of potential material impacts and dependencies has been developed for each type of technology and each stage of the lifecycle of direct operations. The table "Material sites in own operations", presented above, specifies the impacts and dependencies that have been identified as material for each technology.

Analyse phase (A) E4.IRO-1_03

E4.IRO-1_04 As stated in the international TNFD framework, nature risks depend on the specific characteristics of the environment in which activities take place. Their impacts and dependencies can lead to potential risks if they are not properly managed. These risks are classified into three typologies: physical, transition and systemic.

Physical risks are associated with the materialisation of damages to nature and changes in the stocks and flows of natural resources, such as loss of biodiversity, degradation of ecosystems or a decrease in the availability of essential ecosystem services.

On the other hand, transition risks arise as a consequence of changes in policies, legal requirements, technologies or consumer preferences, driven by the need to mitigate environmental impacts. Importantly, the greater the magnitude and severity of the expected physical risks, the greater the likelihood that transition risks will intensify, as they may result in the implementation of new, more demanding regulations or significant market adjustments.

With regard to systemic risks, these affect society, the economy and the environment in a broad and interconnected way, generating impacts that go beyond the scope of an individual organisation. These risks can manifest themselves as collapses in natural systems, such as the loss of a key ecosystem affecting entire sectors, or as global economic disruptions caused by imbalances in biodiversity and ecosystem services. While these risks are less frequent, their nature can have serious and far-reaching consequences.

Conclusions

E4.IRO-1_15 The application of the LEAP methodology (phase L) has made it possible to elaborate the table "Sites within or adjacent to biodiversity-sensitive areas", included in section "Impact metrics related to biodiversity and ecosystems change". Based on this table, and with the list of material impacts and dependencies drawn up (phase E), the table of "Material sites in own operations", included in the previous section, has been constructed. This includes information on those installations located in areas classified as sensitive. In addition, it specifies the dependencies and impacts that have been identified as material for each technology, providing a detailed and contextualised analysis.

It is important to note that those risks linked to the potential impacts and dependencies listed in this table may or may not materialise depending on the specific characteristics of the facilities, the impact prevention and correction measures that have been implemented and the particularities of the environment in which they are located. These elements largely determine the magnitude and relevance of the associated impacts.

E4.IRO-1_16 In this sense, Naturgy has implemented specific measures at those sites where the need has been identified, as described in the previous section. For more detailed information on these measures, see section "Actions and resources related to biodiversity and ecosystems".

Finally, risks have been identified (phase A) using the scenario described in section "Transition plan and consideration of biodiversity and ecosystems in strategy" and following the classification proposed by TNFD: physical, transition and systemic risks (no material risks have been identified in the latter category). These risks have been taken as the basis for the double materiality assessment, whose results are reported in the previous section.

Policies related to biodiversity and ecosystems (E4-2)

[E4.MDR-P_01-06] Naturgy establishes its commitments and main principles of action in relation to the impacts, risks and opportunities related to biodiversity and ecosystems in the Global Sustainability Policy. Further details on this policy can be found in the "Corporate policies" section of the General disclosures chapter of this Report.

[MDR-P_04] Through the application of this policy Naturgy voluntarily assumes the commitment to integrate biodiversity into the company's strategy and decision-making processes and to develop transition plans, aligned with the Kunming-Montreal Global Biodiversity Framework.

[E4-2_01] In addition, the Global Sustainability Policy establishes the following commitments:

- identify, assess, manage and report nature-related dependencies, impacts, risks (physical, transition and systemic) and opportunities in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), using the LEAP approach;
- protect and promote biodiversity through initiatives, especially in sensitive areas, with action plans and monitoring in accordance to the impact mitigation hierarchy and promoting nature-based solutions;
- analyse carefully the location of new projects in protected areas or areas of high biodiversity, avoiding them if required by legislation;
- achieve zero net deforestation in new projects and reduce the removal of trees associated with the operation of energy grids to the minimum necessary to ensure the safety of facilities and the environment;
- respecting the natural and cultural heritage around operational sites, monitoring impacts on ecosystems and relevant species and implementing the necessary measures to ensure their protection.

The Global Sustainability Policy is transversal to the environmental standards and therefore covers issues such as climate change or water resources, as already disclosed in chapters "Climate change" and "Water and marine resources". These issues are considered to be impact drivers of biodiversity loss.

On the other hand, according to the results of the double materiality assessment, Naturgy does not consider the possible introduction of invasive alien species to be applicable, therefore this matter has not been included in the aforementioned Policy.

[E4-2_18]; [E4-2_19]; [E4-2_20] On a different level, as listed in the commitments above, the company has adopted practices to address deforestation in its operating environments, however, neither has it adopted sustainable land or agriculture practices or policies, nor sustainable oceans or sea practices or policies policies, as they do not apply to its activities.

[E4-2_02]; [E4-2_03] The commitments listed above are linked to the material impacts and risks of Naturgy and establish the bases on which the company's management system is based in order to minimise the dependencies and negative impacts that its activities may produce on biodiversity and ecosystems and thus avoid the materialisation of potential risks.

[E4-2_17]; [MDR-P_02] The Global Sustainability Policy applies to all companies or entities in which the group has, directly or indirectly, a majority shareholding or responsibility for their operation and/or management, regardless of the geographical area in which they operate. Likewise, Naturgy undertakes to establish the necessary mechanisms and actions to extend its application to third parties directly involved in its upstream and downstream value chain. Therefore, these commitments are applicable to the company's sites, including sites in biodiversity-sensitive areas.

[E4-2_04] The Global Sustainability Policy does not currently set out explicit commitments in relation to the traceability of products, components and raw materials with material impacts on biodiversity and ecosystems. As the company integrates value chain impacts into its reporting, it will work to define these commitments and set them out in the policy as appropriate.

[E4-2_05] Given the nature of Naturgy's business activities, the company has not defined commitments regarding production, supply or consumption from managed ecosystems, as this is not a material matter.

[E4-2_06] The company's commitment to respect cultural heritage in the environments where it operates includes addressing the social consequences of impacts related to biodiversity and ecosystems.

Actions and resources related to biodiversity and ecosystems (E4-3)

Naturgy develops initiatives to improve biodiversity and ecosystems throughout facilities lifecycle (construction, operation, decommissioning) in order to reduce and compensate the negative impacts caused. These initiatives contemplate all the stages of the mitigation hierarchy: **avoiding** negative impacts generated by the company on the environment, **minimising** those negative impacts that could not be avoided, **restoring** and **regenerating** biodiversity when the impacts cannot be fully minimised, and finally **compensating** the net loss of biodiversity.

The company conceives caring for nature as a commitment to be made by society as a whole. That is why sectoral, intersectoral and global communication and collaboration is essential to advance towards no net loss of biodiversity and the reduction of the impact on ecosystems throughout the planet. In particular, Naturgy carries out, in line with the information gathered in the section "Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities" of this chapter, measures to mitigate or compensate the negative impacts generated and the risks deriving from them.

E4-3_02; E4-3_03; E4-3_04; E4-3_08 Compensation measures should be understood as the last step in the mitigation hierarchy and a method to replenish the unavoidable impact generated, through, for example, initiatives such as the reintegration of threatened species in their natural habitats. Naturgy does not currently undertake biodiversity offsets in a sense analogous to the use of carbon credits or similar initiatives, as these types of biodiversity-related markets are under development processes.

MDR-A_01 In any case, all the measures carried out in the area of biodiversity and ecosystems are a reflection of the commitments made by the company through its Global Sustainability Policy. In particular, the Policy aims to protect and promote biodiversity through initiatives, especially in sensitive areas. In addition, another mandate of the Policy is to identify, assess, manage and report on nature-related dependencies, impacts, risks (physical, transition and systemic) and opportunities in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), using the LEAP approach.

MDR-A_06; MDR-A_07; MDR-A_09; MDR-A_10; MDR-A_11; MDR-A_12 In general, initiatives included under this section are not carried out with the aim of obtaining an economic benefit for the company, but exclusively to generate a positive impact on biodiversity and ecosystems and, in a broader sense, on the environment and society in general. The financial resources allocated to the achievement of the projects highlighted are consolidated in larger economic items, so at accounting level it is very difficult to provide individualised details of operating or capital expenditures.

E4-3_09 Additionally, the different action lines presented below integrate the perspectives of the company's stakeholders in terms of biodiversity and ecosystems. It should be noted that Naturgy carries out studies prior to the construction of facilities to reduce their environmental and social impact, which are subject to public information. In those projects in which there is interaction with indigenous peoples, such consultation contributes to incorporating their knowledge into the project.

MDR-A_03 The following actions are considered to be the most important, according to the mitigation hierarchy, which are directly related to biodiversity and ecosystems. In general, their development is long-term, given that a high volume of the initiatives are linked to the operation of facilities, or are associated with deepening relations with stakeholders or awareness-raising and sensitisation.

Actions related to water, GHG emissions or pollution are not included in this section, although these also generate benefits for biodiversity, as they are specifically addressed in chapters "Water and marine resources", "Climate change" and "Pollution" respectively.

Environmental Management System (avoidance and minimisation)

MDR-A_01; MDR-A_02; MDR-A_04 For years, the company has had an Integrated Management System (IMS) covering quality, environment and health and safety. In the environmental field, it is certified under ISO 14001 standard and is audited externally every year. Its main objective is to promote continuous improvement, prevent pollution and reduce environmental impacts at all stages of the value chain, involving employees, suppliers and other stakeholders. This approach not only ensures regulatory compliance, but also actively contributes to the control and reduction of impacts on biodiversity.

Preliminary studies and adapted design (avoid)

MDR-A_01; MDR-A_02; MDR-A_04 In relation to new facilities, prior environmental impact studies are carried out during the design phase. These studies analyse in detail the environment of the sites, with special emphasis on protected areas or high-biodiversity regions, as enacted by Naturgy's Global Sustainability Policy. As a result, the location, design and components of the project are adapted to avoid or minimise negative impacts on biodiversity and ecosystems. In cases where it is not possible to completely avoid the effects, the study proposes the necessary corrective or compensatory measures to mitigate their impact. The following sections detail these measures for each type of project.

Maintenance of measures and monitoring (minimise)

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 During the operation phase, the company not only applies operational control procedures, but also maintains facilities and develops measures designed to reduce environmental impacts. In those facilities with the greatest potential impact, environmental risk assessments are carried out and environmental emergency plans are established, aimed at both preventing incidents and minimising damage in the event of their occurrence.

In addition, periodic environmental emergency drills are carried out, where the defined procedures are evaluated and tested, thus ensuring the effectiveness of the measures implemented and the capacity to respond to possible contingencies. This combination of maintenance, control and simulation ensures proactive and effective management of environmental impacts, which is considered a key factor in the Global Sustainability Policy.

Ecosystem protection (avoidance and minimisation)

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 The company has implemented, operated and maintained various measures to reduce the impact of operating facilities on ecosystems. The main actions include:

- In wind farms, measures such as the painting of blades or towers to reduce the risk of bird collisions, the implementation of systems that stop wind turbines in real time in the event of a collision risk, and the systematic removal of carrion to avoid attracting birds of prey, have been applied.
- In hydropower stations, an ecological flow is left, when necessary, and in some installations there are fish ladders to facilitate the passage of migratory species. At the Frieira hydropower station, fish species such as salmon, shad, eels and lamprey are regularly caught and released in collaboration with the Xunta de Galicia.
- Electrical networks: supports have been adapted to reduce the risk of electrocution of birds, and bird guards have been installed and maintained on several sections to minimise collisions.
- Early detection system for fires in the electricity grid in Spain: this system uses real-time information provided by the European Union's Copernicus and NASA satellites to generate early warnings, significantly reducing response time and thus damage to biodiversity.

Ecosystem restoration (restore, regenerate and compensate)

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 Naturgy has established different projects aimed at restoring and regenerating ecosystems affected by its operations or compensating for residual impacts on biodiversity. Among the most relevant are the following:

- Environmental restoration carried out around new renewable projects.
- Projects to promote the conservation of threatend bird species (steppe, lesser kestrel, etc.). These actions include improving the habitat of the capercaillie in the Lago de Sanabria protected natural park, in collaboration with the Fundación Patrimonio Natural, thanks to the construction of a breeding centre. Another example is the support to the wildlife recovery centre, in Guadalajara, of the Junta de Castilla-La Mancha, with the housing of wildlife species, captive breeding programmes and temporary stays of species with reintroduction programmes.

In short, Naturgy has carried out various environmental restoration actions, through which the company expects to generate a direct benefit for ecosystems located beyond the company's value chain, in particular, protected habitats, or which may be home to endangered species. The section "Impact metrics related to biodiversity and ecosystems change", under the heading "Restoration initiatives", lists the main projects carried out during the year, together with the area positively affected by them.

Nature-based solutions

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 The collaborative environments developed have allowed Naturgy to carry out innovation initiatives that use nature-based solutions to respond to some day-to-day problems in company's operations. These initiatives have been developed mainly in Spain and have been of a one-off nature, highlighting the following:

- Reforestations using endemic species that contribute to both CO_2 absorption and biodiversity recovery, in line with the objective set out in the Global Sustainability Policy of achieving zero net deforestation in the group's new projects.
- Use of livestock for the maintenance of power line safety corridors and on photovoltaic power plants plots. The reduction of vegetation on power lines' corridors and solar plants' enclosures is a necessary measure to ensure safety. The replacement of machinery with indigenous livestock, which has less impact on the environment, promotes traditional pastoralism and rural development.

Knowledge generation, dissemination and education

MDR-A_01; MDR-A_02; MDR-A_03; MDR-A_04 Naturgy is committed to transmitting its corporate culture in environmental matters in order to raise awareness of the importance of respecting the resources provided by nature. In this regard, it establishes collaborative environments in order to spread environmental knowledge, encourage responsible behaviour towards nature and echo the vision of stakeholders, in particular the knowledge of affected communities, to improve corporate management of biodiversity and ecosystems. In 2024, various training projects were carried out in different countries where the company has presence, the most relevant being:

- In Spain, in collaboration with GREFA, training sessions have been held for schools, both in-person and virtual, with a total of 2,051 attendees.
- In Argentina, several actions on environmental education have been carried out, including various topics of interest, such as the responsible use of natural resources.

Stakeholder participation and involvement

MDR-A_01; MDR-A_02; MDR-A_04 In addition to knowledge transfer measures, Naturgy, in accordance with its Global Sustainability Policy mandate, carries out other collaborative initiatives with leading companies in the sector, as well as other reference organisations, in order to ensure that all stakeholders are duly represented in the company's strategic decisions on biodiversity and ecosystems, being especially relevant when there are affected communities that may be potentially harmed by the construction or operation of the company's assets.

The main agreements signed by Naturgy in this area, both nationally and internationally, are:

- Iniciativa Española Empresa y Biodiversidad: in 2013, Naturgy signed the Biodiversity Pact and since then has participated in this initiative coordinated by the Biodiversity Foundation of the Ministry for Ecological Transition and the Demographic Challenge. In May 2023, the company signed the new Pact for Biodiversity and Natural Capital, assuming the highest level of ambition.
- Participation in collaborative business initiatives: such as the Industry and Ecological Transition Commission of the Spanish Confederation of Business Organizations (CEOE), the Nature Business Ambition initiative of Forética or the working group on Natural Capital and Energy, together with other companies in the sector (Cepsa, EDP Spain, Enagás, Endesa, Red Eléctrica Group, Iberdrola and Repsol), to implement a harmonised framework for assessing the impact on the natural capital of the Spanish energy sector.
- Collaboration with different third sector organisations in biodiversity initiatives (GREFA, FIEB, etc.).
- Through its Foundation, Naturgy carries out numerous initiatives to disseminate, train, inform and raise awareness in society on environmental issues. For example, it collaborates with public administrations, universities, conservation associations, other companies in the sector and various entities in protection initiatives, as well as in the creation and dissemination of technical knowledge to improve biodiversity protection. It also organises environmental volunteer activities for the company's employees and their families, which encourage the development of individual attitudes and behaviours based on respect and conservation of the natural environment.
- Participation in the 16th edition of the "Conference of the Parties on Biodiversity" (COP16) held in Cali (Colombia) in October 2024.

Targets related to biodiversity and ecosystems (E4-4)

Naturgy, through its new Global Sustainability Policy, has updated its commitment in relation to appropriate management and protection of biodiversity and ecosystems. To this end, and following the recommendations of the TNFD, the company has developed a biodiversity assessment project in all its activities.

In particular, as presented at the beginning of this chapter, Naturgy has carried out an analysis of the impacts, dependencies, risks and opportunities related to biodiversity. As part of the mitigation measures for the risks identified, the company has defined a dashboard that includes all the impact drivers that are material for the activities. These indicators (for example, GHG emissions, water consumption or total waste produced) refer to the five environmental ESRS given their direct or indirect connection to nature.

E4-4_05 This dashboard has two targets directly related to biodiversity and ecosystems, which will be presented below, which reflect the maximum level of ambition assumed by Naturgy to contribute to the targets set out in the Kunming-Montreal Agreement, which establishes the Global Biodiversity Framework and global targets for 2030. These targets also support Naturgy's subscription to the Pact for Biodiversity and Natural Capital, within the framework of the Iniciativa Española Empresa y Biodiversidad (IEEB).

E4-4_01; E4-4_02; E4-4_03; E4-4_04; E4-4_08 Additionally, it is worth mentioning that these two targets have not been set using ecological thresholds or impact allocations to Naturgy, nor biodiversity offsets, but have been set voluntarily by the company, in accordance with the provisions of the Kunming-Montreal Agreement and the TNFD initiative.

MDR-T_12; MDR-T_13 The Board of Directors, through the Sustainability Commission, ensures compliance with these objectives through an annual monitoring process, having reached the conclusion that it has not been necessary a profound modification in Naturgy's performance to advance in the roadmap until its achievement. Furthermore, these targets have not been modified to date, nor in the underlying measurement methodologies, assumptions used, potential limitations, data sources or data collection processes.

MDR-T_11 On the other hand, based on continuous dialogue with stakeholders, the company has established a series of targets in relation to biodiversity and ecosystems, although these groups have not been directly involved in the target-setting process itself.

In addition, as stated above, the company's facilities are subject to assessments from the phases prior to their construction, subject to public information in the general interest, and have the approval of the competent administration, so that the rights of the indigenous peoples that could be affected are respected in all cases.

Biodiversity enhancement initiatives

MDR-T_01; MDR-T_04; MDR-T_09; E4-4_07; E4-4_09 This target is fully aligned with Naturgy's Global Sustainability Policy, specifically with the commitment to protect and promote biodiversity through initiatives focused especially in sensitive areas, including action and monitoring plans based on the impact mitigation hierarchy, and promoting nature-based solutions. The definition of the target has been based on an analysis of current and planned initiatives, which is consistent with the company's Strategic Plan.

The scope of this target covers all geographies and applies to all companies or entities where Naturgy has, directly or indirectly, a majority shareholding or responsibility for operation and/or management.

Finally, it should be noted that all initiatives are underpinned by the hierarchy of impact mitigation: avoid, reduce, restore and regenerate, and ultimately compensate. This approach ensures sustainable and responsible management, aligned with the highest environmental standards.

MDR-T_07; MDR-T_10; E4-4_06 As a reflection of this commitment, Naturgy defined for the period 2021-2025 the objective of developing, in the last year, 350 initiatives related to biodiversity and ecosystems. Through these initiatives, Naturgy contributes to reducing and mitigating its negative impacts, especially in terms of recovering the optimum state of the habitats where its activity (and the value chain) is located, as well as the species that inhabit them. This target, although not based on conclusive scientific evidence, contributes to progress in the protection of biodiversity and ecosystems.

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Biodiversity enhancement initiatives (number)	2021	2020	350	368	353	265

MDR-T_13 As shown in the table above, 368 projects have been carried out in this matter in 2024, which implies an increase of 4% compared to 2023. It should also be noted that this figure again exceeds the target value for 2025, demonstrating the commitment to biodiversity and ecosystems.

Implement TNFD recommendations

MDR-T_01; MDR-T_04; MDR-T_09; E4-4_06; E4-4_07; E4-4_09 The established target is fully aligned with Naturgy's Global Sustainability Policy, specifically with the commitment to identify, assess, manage and report the dependencies, impacts, risks (physical, transition and systemic) and opportunities related to nature in accordance with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), using the LEAP approach. The definition of the target has been based on the recommendations made by TNFD and is applied at corporate level, so it covers all geographies and companies or entities where the company has, directly or indirectly, a majority shareholding or responsibility for operation and/or management. Finally, it should be noted that it is a cross-cutting target in relation to the mitigation hierarchy.

MDR-T_07; MDR-T_10 Specifically, Naturgy established for the period 2021-2025 the implementation of these TNFD recommendations at corporate level. Although this target is not based on conclusive scientific evidence, it enables to progress significantly in the protection of biodiversity and ecosystems.

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Implement TNFD recommendations at corporate level (%)	2021	2021	100 %	60 %	25 %	0%

MDR-T_13 Therefore, in 2024, a degree of compliance with the TNFD recommendations of 60% has been achieved, thus increasing the degree of compliance by 140% compared to the previous year.

Activity with ISO 14001 environmental certification

MDR-T_01; MDR-T_04; MDR-T_09; E4-4_07; E4-4_09 Biodiversity also includes the target of achieving ISO 14001 certification. Having certified facilities and activities significantly reduces environmental risks, as standardised procedures are applied, continuous environmental improvement is promoted and internal and external audits are carried out to ensure greater safety and compliance. This contributes directly to avoiding and reducing environmental impacts, including those related to biodiversity, natural and cultural heritage, in line with the new Global Sustainability Policy.

MDR-T_07; MDR-T_10 This target, in force during the period 2021-2025, is not based on conclusive scientific evidence, although it does allow reducing the impact of Naturgy's own operations on biodiversity and ecosystems. The percentage of facilities with environmental certification over the total is shown below:

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Activity with ISO 14001 environmental certification (% Ebitda)	2021	2021	95.0	96.8	97.2	93.1

MDR-T_13 In conclusion, despite the 0.4% reduction in certified EBITDA in 2024 compared to the previous year, Naturgy has also placed this figure above the 95.0% target for 2025, which demonstrates the corporate commitment to reduce its impact on biodiversity and ecosystems.

On the other hand, in the "Purpose and strategy" section of the General disclosures chapter, it is indicated that Naturgy has elaborated a 2025-2027 Sustainability Plan, whereby the indicators of the previous Sustainability Plan are updated. In the case of biodiversity, a new ambition has been set regarding the number of biodiversity initiatives to be implemented by Naturgy in 2027, as well as with respect to the environmentally certified activity:

	Approval year	Base year	Target 2027	Baseline value
Biodiversity enhancement initiatives (number)	2025	2022	375	345
Activity with ISO 14001 environmental certification (% Ebitda)	2025	2022	98.5	97.9

Impact metrics related to biodiversity and ecosystems change (E4-5)

Biodiversity and ecosystem management metrics

Naturgy monitors its activity and position with respect to nature through a dashboard that considers the main matters that can generate significant damage to biodiversity and ecosystems, such as GHG emissions, water consumption and pollution, among others. Using these indicators, the company monitors the different matters that may have a material impact on the environment and particularly, directly or indirectly, on biodiversity.

E4-5_04 Naturgy has concluded, as per the double materiality assessment conducted in 2024, that its activity may contribute to land-use change in those regions where its assets are located and operate. Therefore, the aforementioned dashboard includes different metrics through which the company determines its degree of impact, that are presented in the table below.

Impact driver	Indicator	Metric	Location of data in the report
Land-use change	Spatial footprint	Total area occupied by type of facility	See “Impact on biodiversity-sensitive areas” section below
		Environmentally restored area by activity and country	See “Restoration initiatives” section, “Restored areas” table below
	Impact on natural areas	Number of facilities and km of linear infrastructure within or adjacent to protected areas by type of facility. Total area occupied within or adjacent to protected areas by type of facility. Percentage of area occupied within or adjacent to protected areas by geography.	See “Impact on biodiversity-sensitive areas” section, “Sites within or adjacent to biodiversity-sensitive areas” table below
		Environmentally restored area in protected areas or benefiting protected species by activity and country. Number of biodiversity initiatives in protected areas	See “Restoration initiatives” section, “Restored areas” table below

In addition to the metrics mentioned above, there are others related to water use, GHG emissions and pollution. Although these factors also have a significant influence on biodiversity, they are analysed in the specific chapters of this Report, where the corresponding indicators, their impact and associated measures are detailed.

Impact on biodiversity-sensitive areas

According to the analysis conducted by Naturgy in relation to biodiversity and ecosystems, and as a complement to the detail on material sites in own operations presented in previous sections, it has been determined that the company has facilities within or near biodiversity-sensitive areas (including protected areas). In order to determine which facilities are located adjacent to or in these types of areas, not only their physical boundaries were considered, but also certain impact ratios by type of facility. Thus, infrastructures are classified as interior (within areas of high biodiversity), adjacent (impact radius within the protected area) or exterior when they are outside these areas.

To carry out the analysis, the Geographic Information System has been used, which makes it possible to geolocate all company's facilities and integrate additional information (protected areas, water stress levels, etcetera). Each type of technology has been evaluated considering a specific area of influence, established according to the characteristics of the technology and its interaction with the environment.

E4-5_01; E4-5_02 As a result of this study, a total of 312 owned, leased or managed facilities have been located within or adjacent to these areas, totalling 60,391 hectares affected. The table on the following page gives a breakdown of this surface area by typology of asset.

It is important to consider that 20,123 ha, practically the entire surface area of hydropower plants located within or next to protected areas, corresponds to hydropower plants in Spain that were built after 1910 and before the protection figures for these areas existed. This surface area represents 93% of the surface area of the electricity generation category within or next to protected areas. This shows that these reservoirs, prior to the classification of protection, constitute high value natural aquatic spaces that have created richness in terms of biodiversity, which led to the subsequent environmental classification of protected areas.

In relation to energy grids, it should be noted that final connections are not included, as although they are part of the company's assets, they are integrated into buildings or urban infrastructures and therefore do not impact biodiversity. This means that the total lengths of electricity grids and gas networks may be slightly shorter than those considered in the section "Naturgy and its value chain", in General disclosures chapter.

Finally, it should be indicated that the number of facilities located within or adjacent to key biodiversity areas is greater than the sum of the facilities within or adjacent to such areas separately. This is because some facilities are located both within and adjacent to these areas, and have been excluded from the totaliser to avoid double counting.

- **Sites within or adjacent to biodiversity-sensitive areas**

2024	Total sites			Total sites within protected areas			Total sites adjacent to protected areas			Total sites within or adjacent to protected areas			
	no. (one-off infrastructures)	km (linear infrastructures)	occupied surface area (ha)	no. (one-off infrastructures)	km (linear infrastructures)	occupied surface area (ha)	no. (one-off infrastructures)	km (linear infrastructures)	occupied surface area (ha)	no. (one-off infrastructures)	km (linear infrastructures)	occupied surface area (ha)	Sites with environmental management plans (%)
ELECTRICITY GENERATION													
Renewable technology													
Wind farms	89	n.a.	2,174	33	n.a.	478	26	n.a.	419	45	n.a.	897	100 %
Photovoltaic power plants	39	n.a.	2,989	4	n.a.	306	2	n.a.	6	5	n.a.	312	100 %
Hydropower plants	56	n.a.	21,752	31	n.a.	14,475	20	n.a.	5,653	36	n.a.	20,128	100 %
Conventional technology													
Combined-cycle power stations	15	n.a.	245	3	n.a.	39	6	n.a.	78	8	n.a.	117	100 %
Fuel oil-fired power stations	2	n.a.	8	1	n.a.	1	1	n.a.	4	1	n.a.	4	100 %
Cogeneration	5	n.a.	18	1	n.a.	5	1	n.a.	1	2	n.a.	6	100 %
Coal-fired power stations (decommissioning)	4	n.a.	266	2	n.a.	165	1	n.a.	57	2	n.a.	221	100 %
RENEWABLE GASES													
Biomethane plants	3	n.a.	0	0	n.a.	0	0	n.a.	0	0	n.a.	0	100 %
ENERGY GRIDS													
Electricity grids													
Power lines	n.a.	134,849	120,853	n.a.	27,066	29,174	n.a.	n.a.	n.a.	n.a.	27,066	29,174	100 %
Substations	530	n.a.	514	110	n.a.	185	16	n.a.	43	119	n.a.	228	100 %
Gas networks													
Gas pipelines	n.a.	110,782	190,075	n.a.	5,130	9,267	n.a.	n.a.	n.a.	n.a.	5,130	9,267	100 %
LNG, CNG and LPG plants	277	n.a.	223	78	n.a.	30	16	n.a.	6	94	n.a.	36	100 %
TOTAL NATURGY													
Total	1,020	245,631	339,117	263	32,196	54,125	89	n.a.	6,266	312	32,196	60,391	100 %

Restoration initiatives

Another metric used by Naturgy to manage biodiversity and ecosystems is the positively affected land area by its restoration initiatives (more details can be found in section "Actions and resources related to biodiversity and ecosystems").

Within the biodiversity initiatives, it is worth highlighting those that aim to restore or maintain environmentally restored areas. The following table gives a breakdown of these initiatives, indicating the restored area, whether they benefit protected areas or species and whether they are validated by external independent professionals.

Country	Activity	Actions and objective	Result: restored surface area (ha)	Benefits protected area or species	Validated by external independent professionals
Brazil	Renewable generation: photovoltaic	Maintenance, monitoring, pest control and replacement of revegetated areas around photovoltaic plants. Some of the species used in revegetation are threatened according to the IUCN.	0.19	Yes	Yes
Chile	Renewable generation: wind	Rescue of valuable plant specimens, relocation and environmental restoration in the surroundings of new wind farms.	2.44	No	Yes
Costa Rica	Renewable generation: hydroelectric	Maintenance of reforestation in the area surrounding the hydropower plant, prioritising the area of the new containment dike. This dike was built as a climate adaptation measure to prevent damage to the facility caused by river flooding. Revegetation is a nature-based solution to prevent river erosion.	0.20	No	No
Spain	Renewable generation: photovoltaic	Reforestation, maintenance and environmental restoration in the surroundings of the new photovoltaic installations, to create reserve areas for biodiversity. In some cases they include watering ponds to favour amphibians and reptiles and also as a watering point for birds and livestock.	237.05	No	Yes
Spain	Renewable generation: photovoltaic	Maintenance of a conservation reserve area for steppe birds within a ZEPA protected area by maintaining an area of long-term fallow land. To this end, agreements have been reached with farmers responsible for the land so that it can be left fallow and used by steppe birds, such as the little bustard (endangered).	15.00	Yes	Yes
Spain	Renewable generation: wind	Maintenance of revegetation, planting and accompaniment of ecological lavandin crops in the vicinity of wind farms.	22.73	Yes	Yes
Spain	Thermal generation: combined-cycles	Control and monitoring to eliminate the invasive species Cortaderia selloana (Pampas grass) continues in the area around the Sabón power station.	0.60	No	No
Spain	Gas distribution	Reforestation with 1,050 trees of species adapted to the environment to create a resilient forest that will contribute to the fight against climate change, reverse the loss of biodiversity and support the health of forest ecosystems. Employees participated in the planting as volunteers, promoting environmental awareness.	1.30	No	No
Spain	Corporation	Expansion of the Naturgy forest, through a new initiative, by planting conifers in a coastal area to capture CO_2 and expand the forest ecosystem.	1.01	No	No

Spain	Corporation	Completion of the restoration of Jarama river banks, in collaboration with the Natural Environment Service, in the "Carrizales y Sotos del Jarama y Tajo" ZEPA, an area of great ecological value which is a refuge for marshland bird species. Planting of riverside specimens and nesting boxes for birds and bats has been carried out.	9.00	Yes	Yes
Mexico	Thermal generation: combined-cycles	Greenhouses have been set up at the facilities of two combined-cycle power stations, in which native species used for reforestation reproduce. Universities and technology centres in the area have collaborated in this project.	0.04	No	Yes
Panama	Renewable generation: hydroelectric	Maintenance of the reforestation carried out in a water reserve to strengthen the gallery forest and the headwaters of the hydrological basin.	0.40	Yes	No
Panama	Electricity distribution	Various reforestation actions have been carried out in protected areas that are in poor condition, with the aim of improving biodiversity. In all cases, volunteers have been involved and environmental awareness has also been promoted.	11.33	Yes	Yes
Dominican Republic	Thermal generation: conventional	Participation in the "Misión Rescate Línea Roja" project promoted by the National Botanical Garden, the Ministry of Environment and ECORED to rescue endangered species in the Dominican Republic. Specifically, Naturgy has sponsored the species Pimienta ozua (endangered), carrying out seed collection, nursery reproduction and planting, as well as awareness-raising activities in the Humedales del Ozama National Park.	1.90	Yes	Yes
Total restored area 2024 (ha)			303.19		

Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities (E4-6)

Naturgy, in 2024, has availed itself of the phase-in provision determined in ESRS 1, Appendix C, regarding the reporting of information on anticipated financial effects from the risks and opportunities in this chapter.

5. Resource use and circular economy (E5)

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (IRO-1)

Naturgy uses materials of different type for the development of its activities, so ensuring their responsible management and consumption throughout the value chain is considered essential. Furthermore, Naturgy makes public its ambition of transitioning to a low-carbon economy, based on circularity principles.

E5.IRO-1_01 Consequently, Naturgy has included this matter as a subject of study in its double materiality assessment, from which the impacts, risks and opportunities related to resource use and circular economy, derived from Naturgy's own operations and its value chain, have been established. With reference to the methodology and assumptions analysed, EFRAG's recommendations have been taken into account, with further explanation in the section "Description of the processes to identify and assess material impacts, risks and opportunities", in the General disclosures chapter of this Report. In particular, all types company's assets have been analysed, as well as the nature of the activities carried out by its third party associates.

E5.IRO-1_02 During the execution of the analysis, stakeholders have been involved in order to ensure that the results obtained are fully aligned with their vision regarding resource use and circular economy and their interaction with Naturgy. To this end, a representative of each stakeholder (in particular, the affected communities) has been included during the exercise, although Naturgy carries out a continuous process of listening and accompaniment to ensure fluid communication with all of them. The results of the assessment are presented below.

		Value chain (2)(3)	Business (4)	Time horizon (5)
RESOURCE USE AND CIRCULAR ECONOMY				
Resources inflows, including resource use				
N.I.(1)	Use of materials and resources for manufacturing the necessary equipment for operations (wind turbines, photovoltaic panels, pipelines, wires, supports, tanks, etc.). Special emphasis on equipment that requires the use of critical minerals.	Upstream	Both	Current
R	Cost increase and delays of new projects due to situations of shortage of raw materials, specifically critical minerals.	Upstream	Both	Long-term
Waste				
N.I.	Waste generation produced in the value chain of fuels, materials and equipment used.	Upstream	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section "Naturgy and its value chain". The term "VC" has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities "Gas", "Electricity" and "Both" are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the "Current" category are those that have occurred the present year, and thus no time horizon applies.

Based on the results obtained, it is concluded that resource inflows, including resource use, is not considered material for Naturgy's own operations, although an impact related to this matter has been evaluated in the upstream value chain, during the stage of obtaining the materials that are, subsequently, integrated into the company's generation and distribution assets.

A related aspect with the previous matter, which could have long-term financial implications, is the possible shortage of critical minerals as a result of their overexploitation and the global geopolitical scenario. This situation could lead to cost increases and delays in the entry into operation of new assets, directly impacting the viability and competitiveness of operations.

Moreover, waste generation is also considered a material matter in the upstream value chain, linked to fuel extraction and supply as well as equipment manufacturing.

Another conclusion from the double materiality assessment is that matters such as resource outflows (with the exception of waste generation in the upstream value chain) and the transition to a circular economy are not material, both from the point of view of own operations and company's value chain.

In view of the above, and given that negative impacts and risks identified in this matter are only related to the value chain, in terms of reporting quantitative information on the value chain, Naturgy has availed itself of the transitional provision 10.2.contained in ESRS 1, which is transversal to this chapter.

Finally, in compliance with the requirements of Spanish Law 11/2018, Naturgy has assessed the materiality of food waste, determining that it is not a relevant matter for the company, due to the fact that its activity is not linked to the food sector and the company does not carry out intensive food consumption.

03. Social

1. Own workforce (S1)

Naturgy upholds a firm commitment to people and their development, promoting their leading role at the centre of decisions based on the company's strategy, purpose and value proposition.

In its commitment to people's well-being, it offers stable and quality employment, with an attractive and solid professional career. The profile of the company's professionals, in all countries and businesses, is that of people with an interest in continuous learning, with professionalism, motivation, innovative spirit and commitment to the company's objectives.

The information provided in response to this standard takes into account the definition of value chain workers as expressed in Annex II 'Acronyms and glossary of terms' of the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards. Thus, own workers are employees who are in an employment relationship with the undertaking («employees») and non-employees who are either individual contractors supplying labour to the undertaking («self-employed people») or people provided by undertakings primarily engaged in «employment activities».

For the reporting year 2024, Naturgy will only disclose information on its own 'employee' workforce under the one-year phasing-in set out in ESRS 1, Appendix C, regarding the reporting of information on 'non-employee' workforce.

Interests and views of stakeholders (SBM-2)

As explained in the chapter General disclosures, section "Interests and opinions of stakeholders", Naturgy gathers the opinions of its employees through different dialogue actions. These consultation or dissemination actions are established through surveys, meetings or communication actions of various kinds, with different frequency depending on the action (continuous, daily, weekly, monthly, etc.).

Furthermore, the Sustainability Plan establishes the achievement of a series of commitments and objectives that reaffirm the company's interest in people and their health and safety. At the same time, Naturgy is committed to respecting and protecting fundamental rights, including the labour rights of employees working for the company, through the Global Sustainability Policy.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

[S1.SBM-3_01] When assessing the material impacts, risks and opportunities, in accordance with the double materiality assessment described in the chapter General information of this report, section 4. Impact, risk and opportunity management, Naturgy has only considered those who are employees within its own workforce.

[S1.SBM-3_02]] According to this double materiality assessment, the company has obtained a full and comprehensive view of the impact of the company's activities on its own employees, which will enable it to take appropriate measures to ensure their well-being. The list of material impacts is presented below:

		Value chain (2)(3)	Business (4)	Time horizon (5)
OWN WORKERS				
Working conditions				
N.I.(1)	Increased accident rate due to long working shifts, usually to ensure continuity of operations.	OO	Both	Long-term
	Restriction of the right of workers to join a trade union or engage in collective bargaining.	OO	Both	Long-term
	Increase in critical accidents/incidents (death, serious injuries, etc.) due to inadequate management of occupational risk prevention.	OO	Both	Long-term
	Increased psychosocial risks due to poor work-life balance.	OO	Both	Long-term
P.I.	Promote a safe working environment through occupational health and safety management and training (preventive culture).	OO	Both	Current
	Reduction of the accident rate through the implementation and adequate management of an Occupational Health and Safety Management System (OHSMS).	OO	Both	Current
	Improvement of working conditions through social benefits for employees, e.g. life insurance, health insurance, disability cover, pension plan, remuneration in the form of company shares, etc.	OO	Both	Current
	Promotion of professional development through training initiatives and career plans.	OO	Both	Current
	Contribute to permanent employment and the payment of living wages above average wages.	OO	Both	Current
Equal treatment and opportunities for all				
N.I.	Discrimination on the basis of race, colour, gender, disability, religion, etc., due to lack of effective protocols against it and/or lack of training of workers on equality and non-discrimination.	OO	Both	Long-term
P.I.	Promoting inclusion and equity in those territories where the company is present, encouraging an inclusive corporate culture.	OO	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

[S1.SBM-3_03] With regard to the material impacts identified as negative, all of them are of a potential nature and can be considered that in the contexts in which the company operates they may occur in widespread occurrence. However, Naturgy has processes, actions and resources aimed at managing and reducing the probability of these negative impacts materialising. These management mechanisms are described in greater detail throughout this chapter.

[S1.SBM-3_04] In addition, various actions are carried out that generate positive material impacts. These activities include:

- **Healthy Organisation management system (SIGOS):** a comprehensive approach that enables any type of organisation to provide safe and healthy working environments, foster a culture of organisational wellbeing and exercise a responsible commitment to society by promoting a culture where people's wellbeing is fundamental. It is based on four influencing factors: people's health and safety, lifestyle, organisational wellness culture and community engagement. Under the criteria of the SIGOS model, the company evolved from a 'healthy company' to a perspective that integrates wellbeing in all its dimensions, with the aim of improving the quality of life of employees, their families and the communities where it operates through safety conditions, ergonomics, psychosocial factors and a culture of wellbeing. In addition, specific health promotion campaigns are designed according to a prioritisation of problems based on severity, frequency and scientific evidence, based on a study of the pathologies or health alterations detected in our own personnel.
- **Development of the Occupational Health and Safety Management System (OHSMS)**: this is a tool that facilitates the homogeneity of prevention criteria and their adequate integration in all business areas with special attention to those in which operational activities with a higher risk of accidents are carried out, where the rigorous application of the established procedures and operational control contribute to maintaining a high level of operational discipline, reducing the risks of these activities and their associated accident rate.
- **Working conditions:** encompasses actions aimed at optimising the working environment, promoting the well-being and stability of staff. It includes measures such as pension plans, life insurance and other complementary guarantees, as well as reimbursable advances or guarantees for the purchase of a first home, vehicles, international adoptions or personal needs. Benefits for physical or mental disability and the possibility of taking out health care policies with advantageous economic conditions are also contemplated, highlighting initiatives such as the Total Compensation Plan. The promotion of work-life balance is another key aspect, with the implementation of teleworking options and flexible working hours, which facilitates a better balance between personal and professional life and reinforces the wellbeing of the team. Likewise, the commitment to permanent contracts and the offer of competitive salaries reinforce job stability, promoting an equitable and motivating work environment.
- **Talent management model:** it places its employees at the centre and identifies evaluation, segmentation and action processes that allow it to promote their professional development and guarantee the necessary coverage and succession, based on objective measures that ensure transversality and diversity.
- **Corporate University:** responsible for the training and continuous learning of Naturgy's professionals, managing a learning model adapted to the current and future needs of the business. It generates positive impacts by promoting, among others, a preventive culture, an inclusive culture and professional development.

[S1.SBM-3_06] In the double materiality assessment process, no material impacts on the company's own workforce have been identified as a result of the company's actions to reduce carbon emissions.

It has not been identified any operations with significant risk of child labour or forced labour in the locations where the company operates. Furthermore, Naturgy's Global Sustainability Policy reaffirms the company's strong commitment to the eradication of child labour and forced labour.

[S1.SBM-3_05] [S1.SBM-3_07] [S1.SBM-3_08] [S1.SBM-3_09][S1.SBM-3_10] In terms of risks and opportunities, these have not been concluded to be of a material nature.

[S1.SBM-3_11] [S1.SBM-3_12] It has also been assessed whether there could be situations affecting vulnerable groups in precarious or discriminatory working environments or conditions (young people, women, migrants), but no risks associated with this casuistry have been identified.

With regard to health and safety, there is an occupational risk assessment procedure that determines, for all jobs, those relevant issues that may pose specific risks for particularly sensitive persons and for the childbearing function of employees. In addition, aspects related to diversity, gender equality, sexual violence or harassment at work are considered.

The assessment of occupational risks takes into account the protection of workers who, due to their own personal characteristics or known physical condition - including those with recognised physical, mental or sensory disabilities - are particularly sensitive to the risks arising from work. In this respect, at least the following situations shall be taken into account:

- The presence of factors of risk that may have a differential impact depending on the gender of the working person, especially those that may affect pregnancy, breastfeeding and reproduction.
- The existence of workers who are recognised as having a physical, mental or sensory disability and who, once this disability has been assessed by the health services, it is determined that they are suitable for the job.
- The existence of workers who are sensitive to a risk in their job or to the performance of a specific activity, either temporarily or permanently.

Policies related to own workforce (S1-1)

[S1.MDR-P_01-06] [S1-1_01] Naturgy establishes its major principles and commitments in relation to working conditions and equal treatment and opportunities for everyone within the Global Sustainability Policy and develops these commitments in greater detail in the Global Health Policy, Safety and Welfare Policy and in the Global People Policy.

[MDR-P_02][MDR-P_03][MDR-P_05][MDR-P_06] As indicated in the Corporate Policies section of the General disclosures chapter of this Report, the approval of the Global Sustainability Policy corresponds to the Board of Directors and its application to the Management Committee. Furthermore, this section details the scope of the policies and explains the commitments and principles for considering the interests of stakeholders, as well as the mechanisms made available to them.

[S1-1_07] [S1-1_04] [MDR-P_04] The Global Sustainability Policy establishes the fundamental elements of operating in accordance with the principles expressed in the United Nations Universal Declaration of Human Rights and the Declaration of the International Labour Organisation (ILO), the principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance and the European Directives and national laws that regulate these principles.

[S1-1_03] In this regard, it defines specific commitments concerning: avoiding discriminatory practices or practices that undermine the dignity of its own workforce, protecting the health of its employees, and ensuring adequate employment and pay.

[S1-1_05] Labour relations include a commitment to guarantee freedom of association and collective bargaining, thereby promoting active collaboration with staff through social dialogue.

[S1-1_06] In the other side, it defines the basic principles that should guide the implementation of the policy itself. These principles include the way in which the company should act in the event of human rights violations, committing to develop the necessary measures to ensure adequate reparation of the adverse impacts directly derived from its operations and to exert its influence to promote the application of similar effective reparation measures among its business partners.

[S1-1_08] Although aspects such as child or forced labour are not material issues for Naturgy according to its double materiality assessment, given their relevance, this policy also establishes specific commitments in this regard so that the company rejects all forms of exploitation.

[S1-1_09] In relation to whether the company has a management system or a policy for the prevention of accidents in the workplace, Naturgy has a Global Health, Safety and Well-being Policy whose objective is to establish the safety, health and welfare management principles and policies that must govern the development of all activities carried out by Naturgy, as well as its associated responsibilities, all with the aim of consolidating the healthy organisation model and guaranteeing compliance with the commitments acquired. A fundamental pillar of this commitment is to have an Integrated Management System of global application, implemented and certified in accordance with the ISO 45001 standard (Safety and Health at Work) and the SIGOS (Healthy Organisation) referential.

[S1-1_10] With regard to whether the company has specific policies aimed at eliminating discrimination, and in particular harassment; Naturgy has a specific protocol on labour, sexual and gender-based harassment through which the company formalises that it expressly rejects and prohibits any manifestation of physical, psychological, moral, sexual, gender-based harassment or abuse of authority. It also expressly rejects and prohibits any other conduct that may generate an intimidating, offensive or hostile working environment for people.

With regard to equal treatment and opportunities for all, there are several Naturgy policies and standards that establish commitments. The Code of Ethics states that the company "With regard to equal treatment and opportunities for all, there are several Naturgy policies and standards that establish commitments. The Code of Ethics states that the company "does not accept any type of employment or professional discrimination in the workplace or professional for reasons of age, race, colour, gender, religion, political opinion, nationality, social origin or disability".

[S1-1_11][S1-1_12] Additionally, the Global People Policy defines the promotion of diversity, paying special attention to the inclusion of disability and equal opportunities in an environment of respect, listening and permanent dialogue as one of the fundamental pillars that make up Naturgy's culture.

[S1-1_13] Finally, Naturgy possesses mechanisms to detect possible non-compliances with these policies (see the chapter on Business Conduct) and, as mentioned above, the company is committed to developing the necessary measures to ensure adequate remediation of any impacts that may materialise.

Processes for engaging with own workers and workers' representatives about impacts (S1-2)

Labour relations are based on key principles such as non-discrimination, fairness, freedom of association and collective bargaining, as well as transparency and good faith. In addition, health and safety at work, respect for labour rights, participation and consultation, work-life balance and job stability are prioritised, with the aim of creating a fair, respectful and productive working environment.

Engagement processes

[S1-2_02] Naturgy promotes an environment where workers participate actively, encouraging open communication through its different channels, with them and their representatives. Participation is an essential component of its principles of action, creating a continuous dialogue that enriches labour relations and strengthens the atmosphere in the organisation.

The Naturgy Group's 3rd Collective Bargaining Agreement, signed on 14 October 2022, reinforces these channels, establishing and articulating different committees and forums for discussion aimed at jointly addressing various issues affecting labour relations. These forums not only facilitate communication, but also ensure that workers have an active voice in decision-making. [S1-2_05] In addition, this agreement with workers' representatives includes respect for labour rights.

Social dialogue is also present in Naturgy's companies in Argentina, Brazil, Chile, Mexico and Panama, where collective bargaining is the way to reach agreements on working hours, work-life balance, wage increases and social benefits, among others.

[S1-2_01] [S1-2_03] In this sense, the points of view of the people working in Naturgy are not only heard, but also influence the management of real and potential impacts. The company strives to integrate these perspectives into operational and strategic decisions, ensuring that the contributions of the people working at Naturgy are taken into account when defining the policies and actions that are implemented. Continuous participation in the phases of identification and resolution of critical issues contributes to more effective management. Therefore, the contributions of people are collected through various tools such as satisfaction surveys, the Equality Committee, the various Harassment Protocols and the Code of Ethics Channel, internal innovation programmes or listening spaces with the management bodies.

[S1-2_04] The Labour Relations and Prevention Directorate, together with the People units of each business, coordinate and supervise the dialogue and consultation processes, ensuring that the results of these interactions influence the company's overall approach to labour relations.

[S1-2_06] Naturgy records the assessment of its actions and the commitment of its workforce through Happyforce, a measurement tool and technological support to obtain the opinion and perception of those who work in the company, globally and transversally in all geographies and areas. As a result of the listening via this platform, focus groups are also held to go deeper into the perceptions gathered. Thanks to this virtual and face-to-face listening, more than 130 actions have been implemented during 2024 to improve the employee experience, with an impact on satisfaction and commitment, mainly in the areas of health and well-being, recognition, leadership, alignment, relationships and feedback.

In health and safety matters, collaborative work is essential to optimise actions and processes. The consultation and active participation of employees is integrated as a key element in regular health and safety meetings held across the organisation. This approach is intended not only to maintain, but also to continuously improve the processes of prevention and well-being, ensuring optimal and sustainable results.

Naturgy has established the following specific processes and bodies for consultation, participation and two-way communication with the workforce:

- **Health and Safety Committees**, a joint and collegiate body representing workers. The Health and Safety Committees meet ordinarily at least once a quarter, and extraordinarily when very relevant events occur or at the request of any of the parties.
- **Technical Health and Safety Committees and Territorial Health and Safety Committees**, joint and collegiate bodies that represent the employees which also meet on a regular basis at least once a quarter.
- **Channels for participation and consultation** - noticeboard, personalised letters, intranet, suggestion boxes, Employee Care Service (SAE) - through which anyone can propose ideas, comments, complaints or improvements, without barriers or obstacles.
- **Regular meetings** between unit managers and their health and safety teams in accordance with the health and safety standard. These instances encourage awareness and participation of all employees, while also responding to their information needs through their lines of command.
- **Tools t**o enhance individual commitment such as "Zero Tolerance", preventive safety observations and documented safety inspections.
- **Code of Ethics channel**, at the disposal of all the workers, where they can make complaints about relevant safety non-compliances that require confidential and impartial treatment.
- **Happyforce tool**: allows us to know the opinion of people about their experience in Naturgy and to maintain an open and direct dialogue with them. This tool not only allows us to know their perception regarding indicators that affect their daily lives, but also allows us to collect spontaneous suggestions and contribute to the design of specific actions for continuous improvement.
- **Classification and Professional Development Committee:** With competencies linked to the professional classification of functions and promotion within the same professional group, analysing and debating any issues that may exist relating to these aspects.

- **Equality Committee:** With the aim of analysing the implementation and development of the different measures and strategies defined in the Equality Plan.
- **Investigation committee for the investigation of sexual and/or gender-based harassment:** made up of representatives of the company and representatives of the workers and a prevention technician with the aim of investigating, when so requested by the complainant, the processes of sexual harassment reported by the workers.
- **Agreement Monitoring Committee**: a joint body for the interpretation and monitoring of the Agreement, which may also exercise conciliation, mediation and arbitration functions in those cases in which the parties submit it for its consideration.
- **Election Committee:** a joint committee with the purpose of establishing the election timetable and regulating other aspects related to trade union elections, in the interest of better organisation.

In line with Naturgy's commitment to information, consultation and participation, any change that affects or may affect labour relations is communicated to the social partners in full compliance with the deadlines and guarantees established in the legislation in force. Furthermore, Naturgy keeps open additional communication channels, beyond the formal ones, to guarantee the resolution of doubts and the continuous updating of information.

Engagement with vulnerable groups

[S1-2_07] It is essential for Naturgy to promote diversity and equal opportunities among all employees who are part of the company. An environment of respect, listening and permanent dialogue is promoted to achieve the goals set in terms of gender and inclusion of people with disabilities.

The company's commitment is embodied in the global vision, in the sustainability and people strategy, as well as in the Global Sustainability Policy, the Code of Ethics,Protocol for the Prevention of Workplace Harassment and the Protocol for the Prevention of Sexual and Gender-based Harassment

The signing of Naturgy's Equality Plan on 8 March 2023 unanimously identifies the strengths of the company in this area and establishes a catalogue of specific measures and actions to maintain, correct and prevent deviations in gender equality.

Within the framework of the Equality Plan, the company is committed to the establishment and development of policies that promote equal treatment, guaranteeing that, with equal aptitudes, knowledge and qualifications, all workers can carry out their job without gender representing an obstacle or a criterion for differentiation for the purposes of pay, promotion and professional training.

Similarly, the signing of the Protocol on Sexual Harassment and/or Gender-based Harassment with employee representatives reinforces the company’s commitment to zero tolerance of harassment situations, as well as encouraging greater involvement of the social partners in these matters.

In addition, Naturgy maintains a strong commitment to physical and digital accessibility for people with disabilities, as well as to equal opportunities, incorporating these values into the company's culture. Awareness and training on disability and accessibility helps to create an inclusive culture that makes it easier for all members of the workforce to understand and respect the needs of people with disabilities. Naturgy fosters a working environment in which everyone can participate on equal terms, through furniture and equipment ergonomically adapted to the needs, accessible facilities and parking spaces, social action actions with an impact on the disabled, volunteer actions aimed at people with disabilities and training of its professionals.

Processes to remediate negative impacts and channels for own workforce to raise concerns (S1-3)

[S1-3_01] In the double materiality exercise carried out in 2024, no actual negative impacts have been identified. In the event that the potential impacts identified were to occur, Naturgy attaches the utmost importance to remedying them, promoting a safe and respectful working environment through the use of specific procedures.

Thus, for example, in cases of harassment at work or sexual and/or gender-based harassment, an action protocol is activated which includes: reception of the complaint, exhaustive investigation by a specialised team, accompaniment and, if necessary, intervention of the workers' legal representatives, and protective measures if necessary for the person affected.

Similarly, those negative incidents reported through the Code of Ethics Channel also have the activation of mechanisms for the analysis and correction of the incidents reported.

The People and Organisation Management (P&O), in coordination with the corresponding bodies, carry out exhaustive monitoring to ensure that any deviations have been corrected and that the working environment complies with the established standards of respect and safety. This commitment, together with continuous improvement, ensures that any incidents are dealt with sensitively, fairly and effectively.

Internal channels for own workforce

[S1-3_02] [S1-3_05]] Naturgy recognises the importance of providing spaces for communication and dialogue where its employees can express not only their concerns and needs, but also complaints or denunciations to the company. For this reason, it currently has different specific channels that allow communication between the company and its employees.

Code of Ethics Channel

The Code of Ethics Channel allows not only the company's own workforce, but also all stakeholders, to confidentially report non-compliances of regulations, as well as cases of corruption. This channel is available through Naturgy's external website and the company's intranet (https://naturgy.integrityline.com). The channel is managed by an independent third party, EQS IntegrityLine. The channel guarantees the strictest confidentiality and, where appropriate, anonymity of the complaints received through this channel. [S1-3_06] It is available for all the countries where Naturgy has presence, except for Chile where they have another external complaints system, although it is planned to adopt the same as the rest of the countries.

Through the Internal Information System Policy, Naturgy enables this public communication channel that is available to those individuals referred to in Article 3 of Law 2/2023. This policy undertakes to provide adequate information in a clear and easily accessible form, and determines the management procedure of this system. This information is available on the company's website, in a separate and easily identifiable section.

More information on this channel is included in the Corporate Culture section of the Business Conduct chapter of this report.

[S1-3_07] The monitoring and control of the cases reported in the Code of Ethics Channel is carried out by means of a regulated process, involving different roles and levels of responsibility, both at corporate level and in the business units, through the Code of Ethics Channel Regulations and the Internal Reporting System Regulations for those complaints within the scope of Law 2/2023. Both, in addition to establishing roles and responsibilities, establish the deadlines for the resolution of complaints, the procedures to be followed in the investigation thereof and the responsibilities of each of the parties involved in the process.

In addition, evaluations of the efficiency of the Channel are carried out on the basis of best practices and specific surveys. This information allows Naturgy to develop actions that make possible the continuous improvement of processes.

The effectiveness of the Channel is assessed every year both by AENOR, according to the UNE 19601 standards of the Criminal Compliance Management System and ISO 37001 of the Anti-bribery Management System, and by an external auditor of recognised prestige that verifies the information provided in Naturgy's Sustainability Report.

[S1-3_08] On the other hand, actions to assess the degree of awareness of the Code of Ethics Channel among employees have been carried out. An e-mail was sent to all own workforce in Spain and they were invited to take part in a survey on their level of knowledge and satisfaction with the activities carried out by the Compliance unit. Thus, 90% of the employees interviewed said they were aware of the Code of Ethics channel and knew that anonymous complaints could be made. In turn, 66% had a great deal or total confidence in the channel if they had to make a complaint.

[S1-3_09] In addition, Naturgy periodically carries out communication campaigns aimed at promoting, among its own workforce, the use of the Code of Ethics Channel. These campaigns underline relevant aspects, such as confidentiality and anonymity of communications, with special emphasis on the prohibition of reprisals against whistleblowers. This practice is fully aligned with the stipulations of Naturgy's Internal Information System Policy, as well as with the applicable legislation.

Employee Care Service (SAE)

Naturgy's Employee Assistance Service is a consolidated and highly relevant channel within the organisation, with more than 10 years of experience in the management of queries, requests, incidents and complaints from employees. The SAE has a multi-channel approach, thanks to the virtual platform (saeonline) for personalised attention and accessible from any device to facilitate its use. From the point of view of its functional scope, it covers both the main processes of the People and Resources function (personnel and payroll administration, labour relations, prevention, health, training, talent, culture, organisation, media, medical services, security, etc.) and other cross-cutting processes (customer service for own staff, Naturgy Foundation, internal communication, etc.).

The channel that connects employees with the company has been established, facilitating the carrying out of procedures and consultations, and playing an important role as a vehicle for the communication campaigns or actions launched by the different People and Resources teams.

[S1-3_06]The SAE is a legitimate and procedurally established channel, which guarantees security and impartiality for all persons involved in the process. This service operates under public rules and procedures, accessible to all employees through Naturgy Net, has a specific consultation guide for the treatment and resolution of each matter, and has solid guarantees of confidentiality, which fosters the confidence of all parties.

[S1-3_07]This channel has implemented a rigorous follow-up process for all enquiries received, ensuring the effectiveness of all its means of contact by monitoring key performance indicators. Communication and active listening are fundamental at every stage, enabling solutions to be found that respect the rights and needs of all those involved.

Thus, it has a platform that ensures the traceability of each interaction, from the opening to the closing of the request, providing employees with transparent information on the progress of their requests. In case of dissatisfaction, the request can be complained about or reopened, ensuring a continuous improvement process. This approach not only offers a reliable and comprehensive service to workers, but also allows for rigorous monitoring of complaints and compliance with ethical principles by resolution teams. Traceability facilitates audits and preventative actions, ensuring fair responses aligned with company values, and enabling any situation to be resolved effectively.

[S1-3_08] 08 Finally, the worker always has the opportunity to evaluate the service through a satisfaction survey, and can even enter a suggestion or complaint through the platform itself, which will also receive a response.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4)

[S1-4_05] When determining what actions are necessary, Naturgy the company has had an integrated management system (IMS) for quality, environment, health and safety. This system, certified according to the requirements of the ISO 9001, ISO 14001 and ISO 45001 standards, is audited externally every year. One of the fundamental pillars of the IMS is its orientation towards continuous improvement, based on adequate follow-up of findings and evaluation of the effectiveness of the associated actions.

Through an IT tool, implemented in all countries and geographical areas (certified) with the exception of Chile (Metrogas), all the findings identified in the framework of the SIG are managed, Naturgy determines which actions are necessary and appropriate when responding to a certain actual or potential impact on its own staff. To accomplish this, the tool manages all the findings identified in the Integrated Management System of quality, safety, environment, health and welfare through an initial classification of the same based on different criteria:

- **Origin:** if they have been identified in process monitoring and control actions, in internal or external audits, if they respond to legal requirements, if they come from complaints, claims or suggestions from third parties, if they are associated with operational incidents, etc.
- **Priority and treatment** as a major or minor non-conformity, observation or opportunity for improvement and its scope, which can be global with company-wide impact or limited to certain business areas.

The process of managing a finding, in addition to its categorisation, includes a process of investigation of the finding from which an action plan is defined with the identification of specific actions directed at the root cause of the finding. Each finding may give rise to one or more actions, which are assigned to a person responsible for their treatment. A finding is closed when all actions associated with it have been completed.

[S1-4_08] Naturgy applies an approach focused on well-being, fairness and respect. In this way, the company not only guarantees that it does not cause negative impacts on its employees through its practices, but also ensures that it complies with the highest labour standards.

[S1-4_09] In addition, several resources are allocated to the management of material impacts to ensure an effective and appropriate response. The company has teams specialised in managing its own workers, both at corporate level and in each of the businesses. In addition, Naturgy provides its workforce with technological tools and channels to encourage and facilitate their participation, as well as to promote talent and development through training actions.

[S1-4_06][S1-4_07] In relation to the management of risks and opportunities, given that the double materiality assessment carried out has not identified significant risks or opportunities for Naturgy, it has not been necessary to develop specific actions in addition to the detailed management processes to mitigate risks or implement specific measures to exploit opportunities.

[S1-4_02] The main actions that Naturgy takes to prevent potential negative impacts and to enhance actual positive impacts on its workforce are described below.

[MDR-A_06][MDR-A_07][MDR-A_09][MDR-A_10][MDR-A_11][MDR-A_12] In economic terms, these actions require a financial contribution from Naturgy in the form of related capital investments and operating expenses, which are not significant and are aggregated into larger accounting items, as it is very difficult at the accounting level to provide individual details of these items.

Actions to manage negative and positive impacts [S1.MDR-A_01-12]

Health and Safety

Naturgy manages the potential negative impacts related to increased accident rates and critical incidents, as well as those related to increased psychosocial risks, through actions such as: the development of an Occupational Health and Safety Management System (OHSMS), the Health and Safety Plan 2024-2025 and comprehensive health and medical assistance services.

In addition, these initiatives have a positive impact on the workforce, reducing the accident rate through the proper implementation and management of OSHMS and fostering a safe working environment through occupational health and safety management and training (preventive culture).

Occupational Health and Safety Management System (OHSMS)

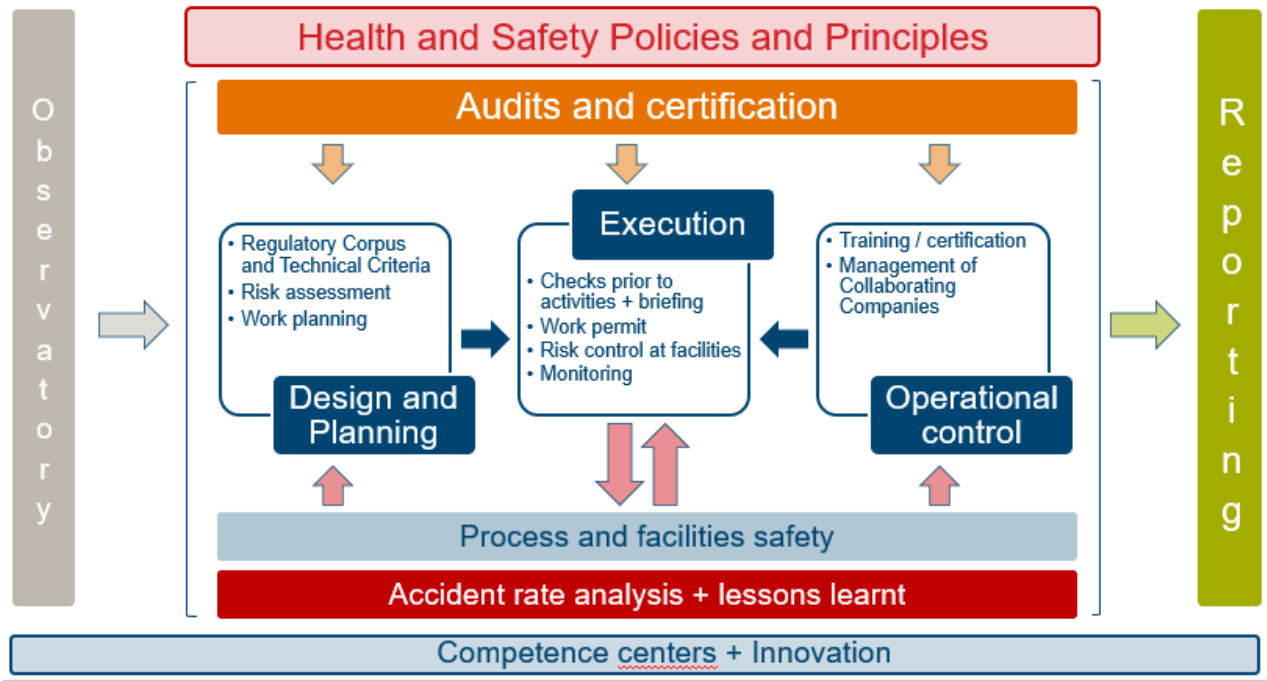
The OSHMS is unique for the entire company, has been developed in collaboration with all business units and focuses on the areas of greatest risk criticality. This system covers 100% of the company's own workers. This system, in accordance with the Global Health, Safety and Welfare Policy, is integrated with Naturgy's quality and environmental management systems and is audited and certified by third parties in accordance with the ISO 45001 specification.

The system makes it possible to define specific actions aimed at minimising the accident rate associated with the most critical risk factors, both through operational control tools and through the definition of "red lines", the exceeding of which entails the application of penalties.

Development of the OHSMS

The development of the OSHMS takes into account the following elements:

- An integrated occupational health and safety management system audited and certified by a third party, with scope for all businesses.
- The integration of health and safety in the value chain, including procurement, design and planning of activities and facilities.
- Action plans to address the most critical aspects, ensuring the implementation of preventive and/or corrective measures and strategic lines of work.
- Itineraries and training requirements tailored to the job.
- Uniform supervisory tools for the assessment and monitoring of risks, legal requirements, accidents and lessons learnt and their dissemination.
- Periodic reporting of health and safety performance, adjusted to the needs of the different stakeholders, with transparent and clear communication.
- Compliance with relevant international occupational health and safety standards and regulations, such as ISO 45001.
- Consultation and participation of workers or their representatives.
- A commitment to continually improve the occupational health and safety management system.
- The establishment of quantitative targets for the improvement of occupational health and safety performance, linked to the monitoring of the evolution of indicators and action plans arising from incidents and accidents.



Health and Safety Plan 2024-2025

[MDR-A_01][MDR-A_02][MDR-A_03] This plan, which is implemented during 2024-2025, aims to focus on 'visible leadership in safety', not only its own but also that of the management of the collaborating companies (CC), and to evolve the company's safety model to the new forms of work organisation and its associated risks.

Two key objectives are considered for this period:

Revitalising the corporate safety culture through leadership	Security, a necessary contributor to operational excellence
– The Group Management Committee and Business Committees as a key lever for reinforcing visible safety leadership at all levels	– Sustainable, homogeneous security model, continuously adapting to new processes.
– Personal security action plan for business leaders.	– Asset operation security and asset integrity.
– Role of the management of the usual CCs as prescribers of Naturgy's commitment to safety throughout the subcontracting chain.	– Zero Accidents vision, greater rigour in the investigation, ensuring the implementation of action plans associated with PSIF (potential serious injury or fatality) events.

The Plan, which covers all geographies and businesses where the company operates, aims to address new forms of work organisation, organisational evolutions and process transformation through adjustments to the safety model, a refocusing of leadership and global communication actions that reinforce a single safety and health culture.

Its development is structured in six main networks, with a priority focus on:

[MDR-A_05] The pillars of the Security Plan 2024-2025 are:

- Approval of a new health and safety policy.
- Steering Committee health and safety leadership workshop.
- Actions to reinforce the 5 health and safety principles. The principles are:
  - Nothing is more important than safety and health, not production, not sales, not profits.
  - Every accident can be avoided, there are no unavoidable accidents.
  - Security is a management responsibility and must be managed as such.
  - Safety is an individual responsibility and a condition of employment, and a condition of employment for partner companies.
  - All work must be planned and executed with the safety of ourselves, our employees, partners, visitors, customers and the community in mind.
- Health and safety talks with the Management Committee and all staff.
- Psychosocial factors: focus on the management of psychosocial risks and development of the Action Plan on Psychosocial Risks. [S1-4_01]

  Naturgy has taken a significant step forward in its commitment to safety, health and well-being by visibly integrating the management of psychosocial factors within its Occupational Risk Prevention (PRL) management system, implementing procedures to identify, assess and monitor these risks at all levels of the organisation.

  [MDR-A_01] [MDR-A_02] Naturgy's Action Plan on Psychosocial Risks is structured in a transversal plan to be applied in all businesses and to all its own staff for the period 2024-2025 and includes more than 150 specific actions, divided into primary and secondary actions, to address psychosocial factors in a comprehensive manner. Each business line also develops its own specific plan that adapts the transversal actions to the particularities of its operations and to the most relevant psychosocial factors in each area.

  [MDR-A_03] The Action Plan covers all groups, but places special emphasis on those groups that are more exposed to psychosocial risks. In these cases, more concrete and specific measures are implemented to mitigate risks and improve well-being. In addition, the plans for each business focus on those groups with the most critical results in the risk assessments, allowing for a more precise and personalised intervention in the areas where it is most necessary.

  The main aspects of this Plan are structured as follows:

  - Psychosocial leadership.
  - Communication and recognition.
  - Digital disconnection.

- Equality.
- Internal mobility.
- Technical and psychosocial training.
- Change management.

[MDR-A_05] During 2024, Naturgy has achieved significant progress in the implementation of the Plan:

- Strengthening effective practices, such as flexible working hours or hybrid working arrangements, which enable workers to better manage their time and meet personal and work responsibilities in a balanced way.
- Measures aimed at digital disconnection, redistribution of tasks or automation of tasks to improve workload.
- Reinforcement of technical training.
- Reinforcement of actions aimed at the participation of workers (communication, individual interviews with workers, participation forums, breakfasts, ...).
- Greater involvement of the Management and Business Committees, and especially the People units.

Comprehensive health and medical care services

Naturgy is firmly committed to offering its employees a healthy working environment and well-being. The Comprehensive Medical and Health Assistance Unit is based on excellence and ongoing innovation to make available to employees, their relatives, CCs, customers and the social environment in which the company operates, a global, health and well-being strategy that encompasses everything necessary for their benefit, both with regard to prevention, promotion and healthcare, in a customised way, as well as training and information with regard to healthy habits, taking into account both individual needs as well as the particular circumstances of each country.

- **Healthy Organisation management system of AENOR (SIGOS):** In 2015, Naturgy became the first energy multinational to obtain the "Healthy Company" certification in accordance with AENOR's Healthy Company Model, inspired by the World Health Organisation model. In 2022, the scope of this certification was extended, achieving AENOR's Healthy Organisation System (SIGOS) certification, with the necessary adaptations to reflect Naturgy's commitment to continuous improvement in organisational health and well-being.

  SIGOS represents Naturgy's commitment to a comprehensive approach that allows any type of organisation to provide safe and healthy working environments, foster a culture of organisational well-being and exercise a responsible commitment to society, promoting a culture where the well-being of people is fundamental. Under the criteria of the SIGOS model, it has evolved from the "healthy company" model to a model that integrates well-being in all its dimensions, with the aim of improving the quality of life of workers through safety conditions, ergonomics, psychosocial factors and a culture of well-being.

  Naturgy's health and wellness management is based on four influencing factors:

  - **People's health and safety:** ensuring safe and healthy working conditions that minimise risks and promote physical and mental well-being.
  - **Lifestyle:** encouraging healthy lifestyle habits among the company's people, supporting them in developing routines that improve their overall well-being.
  - **Organisational culture of well-being:** fostering a culture where well-being is a priority, promoting an inclusive, collaborative and respectful work environment.
  - **Commitment to the community:** extending the company's commitment to society, actively collaborating with the communities in which it operates.

The international implementation of this model covers Naturgy's operations in Argentina, Brazil, Mexico and the Dominican Republic.

- **Health promotion campaigns**

The company's health services carry out a recurring annual study of the pathologies and alterations detected in its personnel based on the data from the Health Surveillance conclusions, as well as the aggregate reports on absenteeism due to common illness provided by the entities managing the Social Security benefits. A prioritisation of problems is then established for which specific prevention campaigns are designed according to the severity, frequency and scientific evidence of the preventive measures to be applied.

Campaigns are designed to reach as many workers as possible, through Health Surveillance examinations or through specific campaigns at different times of the year, Among the campaigns offered, the following stand out:

- **Primary prevention campaigns:** which focus on risk factors such as smoking and other addictions, nutritional support for obesity and overweight, promotion of physical activity, as well as the annual flu vaccination campaign every autumn. Also informative campaigns such as the prevention of sleep disorders, mindfulness or emotional fitness.
- **Secondary prevention campaigns:** such as early detection of the most common cancers: colon cancer, lung cancer in smokers, breast and gynaecological cancer for women and prostate cancer for men. As well as singularly the:
  - **Cardiovascular campaign:** offering electrocardiograms, monitoring of arterial hypertension and, from the age of 50 (or earlier depending on medical criteria), specific tests for the early detection of coronary or valvular disease by means of stress tests or echocardiography.

In relation to mental health, and in view of the increasing incidence observed in recent years, in 2024, preventive actions and campaigns have continued to be reinforced:

- **In Spain,** a programme for the detection of psychological disorders has been implemented in medical check-ups, and specialised psychological care is offered free of charge in order to improve the quality of life and well-being of workers, as well as absenteeism for this reason.
- **In Brazil,** a platform to provide online psychotherapy and counselling continues to be implemented. This initiative facilitates access to specialists and allows the scheduling of therapy sessions, helping to reduce stress and improve well-being.
- **In Mexico,** there is a psychological service to provide personalised attention to workers who need support (in some cases extending it to family members) and a psychological first aid service.
- **In Argentina,** the medical insurance for employees and their families (spouse and student children up to and including the age of 25), the total cost of which is borne by the company, provides access to various treatments, including psychological and psychiatric treatment, both in person and virtually, depending on their needs.

Monitoring and evaluation Health and Safety actions [S1-4_04]

At Naturgy, safety management is integrated throughout the management chain, which is responsible for managing the material impacts associated with its activities and assigning the human and material resources necessary for their treatment.

Naturgy has a structure of Health and Safety Committees responsible for periodically monitoring the evaluation of the main safety indicators that may have a negative impact, and for supervising that all the necessary control mechanisms to keep them under control remain in place.

The priority objectives of the Health and Safety Steering Committee are:

- Define global strategies and lines of action to ensure the effective application of the Global Business Health, Safety and Welfare Policy.
- Setting targets for safety, health and welfare performance indicators.
- Approval and verification of the degree of implementation of action plans arising from fatal or particularly significant accidents.

To guarantee the transversality of the actions, it is supported by a Health and Safety Operating Committee made up of representatives from all the businesses and whose main functions are:

- Definition and monitoring of cross-cutting health and safety objectives and action plans and determination of detailed actions to ensure correct implementation in the businesses.
- Monitoring of the specific plans developed by the business units, identifying best practices and promoting their transversal implementation.
- Approval of the health and safety standards that make up the common regulatory map applicable to the entire group.
- Development and dissemination of safety breaks and lessons learned.
- Detailed monitoring of investigation processes and action plans associated with relevant events.
- Development and monitoring of the function's performance indicators.
- Creation of "competence centres" made up of multidisciplinary teams that will be responsible for addressing specific cross-cutting needs or monitoring actions associated with specific action plans. In 2024, as a result of the Psychosocial Risks Action Plan, a competence centre has been created to monitor transversal and specific actions in each of the business areas.

The correct implementation of the OHSMS, which is part of the group's IMS, is one of the tools that has proven to be most effective in keeping under control the potential negative impacts related to the safety aspects identified in the double materiality assessment. To this end, a computer tool is available to identify and classify all findings.

To ensure the effectiveness and legal compliance of the OHSMS, annual internal and external audits are carried out, as well as safety diagnostics. These external audits, carried out by an accredited and independent entity in accordance with a previously defined annual plan, make it possible to evaluate the correct implementation of the systems in all business areas, identifying strengths, risks and opportunities for improvement.

All the external audits carried out by accredited entities of international prestige under the ISO 45001 standard have concluded with a positive assessment of the level of implementation and integration of the OHSMS in the audited processes. It is highlighted that the system is effectively maintained, complies with the legal obligations in force and promotes continuous improvement in occupational health and safety. In particular, the external audits carried out in 2024 confirmed these positive results, reinforcing the commitment to excellence in this area.

Working conditions and equal treatment and opportunity for all

Flexibility and conciliation are essential pillars for the well-being of the workforce and the success of the organisation, as they contribute directly to an improvement in the working conditions of employees. Naturgy promotes this improvement with actions, highlighting for example the signing of the Naturgy Group’s 3rd Collective Bargaining Agreement that allows the reduction of possible negative impacts that restrict the rights of the workforce to join a union or participate in collective bargaining, as well as the Total Compensation Plan that contributes not only to the payment of decent wages, but also to the payment of wages in line with the needs of our people.

[S1-4_19] It should be noted that measures have been taken to minimise future negative impacts related to the energy transition that could affect the working conditions of Naturgy employees. Through the International Labour Organisation, a working framework that, under the concept of "just transition", was agreed between governments, companies and trade unions. In Spain, the just transition of territories affected by the closure of thermal power plants in 2020 is managed through the "Agreement for a Just Energy Transition", which commits the government, companies and trade unions to guarantee employment and reactivate the economy in the affected areas, such as A Aragon, Andalusia, Principality of Asturias, Castilla y León and Galicia.

Naturgy considers it a priority to promote diversity and equal opportunities among all the people who form part of the company, reinforcing its commitment to an inclusive and balanced working environment. The Equality Plan contributes to minimising any negative impact due to discrimination, while also generating positive impacts by promoting inclusion and equity.

Naturgy`s Collective Bargaining Agreement [S1-4_01]

[MDR-A_01] [MDR-A_02] Naturgy is committed to the work-life balance of its employees. Flexibility and work-life balance are fundamental pillars of staff well-being and organisational success. Improved opportunities for work-life balance also lead to greater commitment on the part of employees.

For this reason, Naturgy's Collective Bargaining Agreement 2021-2024 includes the following as the main measures for work-life balance and promoting co-responsibility:

- Flexibility in start and finish times, as well as in the meal break period.
- Continuous working day from June to September (four months) and every Friday of the year.
- More extensive paid leave due to marriage, illness and death of family members.
- Paid leave not covered by legislation such as separation or divorce, marriage of children or leave for expectant mothers from the 38th week of pregnancy.
- Possibility of taking paid leave not necessarily on consecutive days.
- Reductions in working hours for personal reasons in cases other than those provided for by law.
- Possibility of accumulating breast-feeding periods.
- Adaptation of the weekly working day by one hour, as a measure to promote conciliation.
- Teleworking for one or two days a week, for those workers who carry out functions which by their nature can be performed remotely.
- Possibility of adapted teleworking for positions which, due to the nature of their functions, cannot combine two days of teleworking.
- Flexibility for the adaptation of the working week of up to two hours for those in shared custody situations.

[MDR-A_05] The work-life balance measures indicated have had a positive impact on the well-being of the staff, facilitating work-life balance.

During 2024, the company has reinforced the dissemination of these initiatives through the work-life balance guide and the publication of the FRC (Family Responsible Company) measures, to ensure that all employees are aware of them, in Spain, Argentina, Brazil, Mexico, Panama, Costa Rica and the Dominican Republic, where the company's global measures apply, in addition to the fact that each geography has its own. The FRC certification is explained below.

Global FRC Certification

The EFR Global model consolidates the vision of Naturgy on work-life balance, co-responsibility, well-being and diversity as the cornerstones of the company's value proposition and people strategy in the geographies where the company operates.

The model is managed through benefits, flexibility, well-being, health and professional development measures that are adapted to the diversity of the workforce, according to their situation and time of life, in order to promote a balance between professional and personal life.

In this context, work-life balance at Naturgy is a commitment to co-responsibility and equal opportunities; it is the promotion of a plural culture of inclusion and balance; it is constant listening, for the proposal of improvement actions and the recognition of the company's teams; it is a lever for well-being and also for motivation.

The FCR model is global in scope, although it adapts to local particularities through measures that obey the particularity of each geography, generating a transformative professional experience and contributing to a more egalitarian and sustainable society.

- **Pioneering and global**

  After a decade of managing the FRC model in Spain, Argentina, Brazil, Costa Rica, Dominican Republic, Mexico and Panama, Naturgy has been recognised for its pioneering vision by being the first company in the world to obtain the Global FRC seal (Family Responsible Company), certified by AENOR (according to Standard 1000/23) and awarded by the Masfamilia Foundation. For this purpose, in 2024, it has been accredited policies, indicators, measures and benefits in five areas: quality in work, temporary and spatial flexibility, family support.

- **Management 2024**

  [MDR-A_05] In 2024, the certification was renewed for three years, obtaining a proactive B rating, according to the updated standard. In this exercise, 375 local measures were accredited, distributed in the geographies where the company operates, as well as 18 measures of global application. Also certified were 26 management indicators and 48 improvement actions between the different countries, as defined by the global Standard 1000/23 FRC and the AENOR audit.

The EFR measures of global application in the 7 geographies in scope of the standard are as follows:

1. Employment quality
– Job stability
– Health and Safety
– Health and Wellbeing
– Forecasting and insurance
– Social Benefits
– Teams' work tools
2. Temporal and spatial flexibility
– Flexible working hours and teleworking
– Paid leave for personal and family reasons
3. Support for the personal environment
– Integration activities with employees and their families
– Support for the family environment
4. Personal and professional development
– Professional development programmes
– Competency-based leadership model
– Corporate University
– Extra-occupational activities and volunteer programmes
– Internal mobility
5. Equality of opportunity
– Programme for Executives
– Awareness-raising with a focus on sustainability
– Adherence to the Global Sustainability Policy and the Human and Social Development Policy

Total Compensation Plan [S1-4_03]

[MDR-A_01][MDR-A_02] The Total Compensation Plan offers its own workforce a comprehensive platform that allows them to manage their remuneration and benefits package in a personalised way, comprising a Benefits Package and a Substitution Amount. [MDR-A_03] In this way, this plan of short term allows the personalised configuration of their remuneration and benefits package, guaranteeing flexibility and adaptation to their individual needs.

In addition, the possibility of increasing the available benefits is granted, allowing the employee to allocate a percentage of their gross annual remuneration to the acquisition of additional benefits, in any case, within the limit set by the applicable legislation, in accordance with the rules established for each group.

- **Benefits Exchange:** each person will be able to view the amount corresponding to their 'benefits bag', made up of the benefits that correspond to them, in accordance with their contract and the company's policies, being able to allocate this amount to the acquisition of different benefits within a catalogue predefined by the company, adjusting it to their personal preferences.
- **Substitution Amount**: this is the maximum amount of the annual monetary remuneration that the worker can allocate to contracting products offered in the Plan. This amount is determined by the percentages established by the company (according to the group to which they belong) on the fixed and variable remuneration, including in this limit the value of other remuneration in kind that they are receiving. The amount you choose to allocate through this amount will be deducted from your gross annual remuneration in cash and will be converted in kind through the products selected in the Plan.

[MDR-A_05] In 2024, the integration of flexible remuneration and the benefits plan in a Total Compensation platform has represented a significant advance with respect to 2023, as it is possible to directly select the products from the catalogue that one wishes to include as social benefits for the current year. In this way, each year Naturgy employees decide how they want to distribute the elements of the remuneration package, opting for those that best suit their personal circumstances or monetising them and optimising net salary, with the tax advantages that some of them offer. This plan seeks not only to improve the well-being and satisfaction of the workforce, but also to provide a compensation structure that adapts to the diverse realities and individual preferences, enhancing commitment and motivation within the organization.

In addition, this platform incorporates:

- Savings in Personal Insurance (home, life, car, death, ...).
- "My Wellbeing and Health" space.
- Health Insurance.
- Time Bank.
- Discounts in more than 600 online shops and 100 travel portals with a percentage of the purchase price refunded.
- Extensive and competitive social benefits offered by the company, both company-paid and eligible through the total and flexible compensation platform: pension plan, health insurance, holiday home, tariff bonus, advances/loans, study grants, life insurance, meal vouchers, etc.

Naturgy Group Equality Plan in Spain 2023-2027 [MDR-A_01]

[MDR-A_01] Naturgy's Equality Plan in Spain, is part of the company's commitment and commitment to the development of labour relations based on equal treatment and opportunities between women and men and non-discrimination. In addition, Naturgy also rejects any other form of discrimination based on gender, sexual orientation, marital status, disability, age, race, political and religious beliefs, trade union membership or any other type of discrimination.

[MDR-A_03] Unanimously agreed within the Negotiating Committee, it is an effective tool for safeguarding equality between women and men. Equal treatment and opportunities in employment and occupation is a fundamental principle of labour relations and people management in the company, this being the main objective of the Naturgy Group's Equality Plan in Spain.

Naturgy declares its firm commitment to ensure equal treatment in all areas and for all purposes, not allowing discrimination on the grounds of gender or otherwise and promoting working conditions that respect equality. Likewise, it is committed to the establishment and development of policies that promote equal treatment, guaranteeing that, with equal aptitudes, knowledge and qualifications, all workers can carry out their job without gender representing an obstacle or a criterion for differentiation for the purposes of pay, promotion and professional training.

The diagnosis of the different companies, carried out within the Negotiating Committee, has made it possible to define a series of objectives and measures for action included in the Equality Plan. Likewise, actions have been defined to monitor them, so that it can be a tool to ensure effective equality between men and women.

[MDR-A_02] This Plan is applicable to all Naturgy's own personnel in Spain, including persons who, where appropriate, have been assigned by Temporary Employment Agencies during the periods of service provision.

As specific objectives of the Equality Plan, it is highlighted:

- **Communication and awareness-raising:** promote an inclusive culture free of bias, where equal opportunities are a transversal reality throughout the company and where there are no stereotypes or preconceived ideas that may hinder the effectiveness of this principle.
- **Selection and recruitment:** attract the best and most diverse talent (focusing on the incorporation of women, especially in positions with more technical profiles) using criteria of capacity, competence, merit and equal opportunities that guarantee objectivity and transparency in all selection and recruitment processes.
- **Occupational classification and underrepresentation of women**: ensure that the job classification system in force at any given time respects the principle of equal opportunities.
- **Training:** develop the most under-represented talent, through specific technical and leadership training, to achieve a pipeline of people with potential access to senior positions.
- **Promotion and development:** accelerate gender equality at all levels, especially at those levels where women are under-represented, through internal talent promotion and management. Prioritising where possible women to fill positions in male-dominated areas.
- **Co-responsible exercise of reconciliation rights:** facilitating the co-responsible exercise of the rights of employees to reconcile family, work and personal life in order to achieve an appropriate balance between work, personal needs and professional development within the Company.
- **Remuneration:** ensure equal pay for women and men for work of equal value by maintaining compensation systems that ensure pay transparency, promote objectivity and fairness, reward achievement and value performance.
- **Prevention of sexual and/or gender-based harassment:** ensure a safe and healthy working environment, free from violence and harassment.
- **Gender-based violence:** disseminate, implement and improve the legally established rights of female victims of gender-based violence, thus further contributing to their protection.
- **Occupational health with a gender perspective**: integrate a gender perspective into the regular functioning of the prevention system.

[MDR-A_05] Throughout the year 2024, different measures derived from the Equality Plan have been implemented, such as:

- Training actions to raise staff awareness of equal opportunities and non-discrimination, sexual and/or gender-based harassment.
- Increase of women in managerial positions.

- Definition and dissemination of the guide on work-life balance.
- Actions to raise awareness of the International Day against Gender Violence.
- Training in occupational and psychosocial risks with a gender perspective for prevention delegates.
- Carrying out occupational and psychosocial risk assessments incorporating a gender perspective.
- Adaptation of the standard "Identification, evaluation and control of occupational risks" of health and safety for the integration of aspects related to the gender perspective, sensitive personnel, reproduction, pregnancy and breastfeeding.
- Construction and results of the Remuneration Register available to the Workers' Representation.
- Wage gap below the legal limits set by European legislation.

The definition of specific measures for the achievement of all these objectives and the constitution of the Equality Plan Monitoring Committee, allows the company to continue advancing jointly in the continuous improvement and management of equal treatment and opportunities.

Monitoring and evaluation of actions on working conditions and equal treatment and opportunities. [S1-4_04]

On the one hand, the analysis of the number of complaints or allegations filed, their seriousness and recurrence, the average time taken to deal with and resolve these complaints, the impact on staff training in the prevention of harassment and the periodic review of the protocols for action make it possible to evaluate the effectiveness of preventive actions on harassment and equal treatment and opportunities.

On the other hand, through the Equality Plan Monitoring Committee and the Agreement Monitoring Committee, actions relating to equal treatment and opportunities, work-life balance and other labour measures implemented in the company are shared and evaluated.

Developing internal talent and inclusive culture

At Naturgy, the training of professionals is one of the strategic levers for transformation and development in the company. Therefore, Naturgy's talent management model drives growth from a continuous and evolutionary process, which begins in processes of evaluation, segmentation and development of talent, through dynamic processes that promote exponential value for talent.

In addition, actions such as the "Flex&Lead" and "Transforma" programmes, the Executive Talent Management Model and the Corporate University, which are described below, generate positive impacts through the promotion of professional development.

“Flex&Lead" and "Transform" programmes [S1-4_03]

[MDR-A_01] [MDR-A_02] [MDR-A_03] Naturgy has the programmes ‘Flex & Lead’ and ‘Transforma’, focused on the recruitment of diverse talent between the years 2021-2025. With this initiative, it is pursued to advance in the intergenerational and gender balance in the company, in line with Naturgy's strategic business and sustainability objectives.

The objective proposed from the start of the "Flex & Lead" programme, and until 2025, is to recruit more than 340 young people with a STEM profile, marked by agility, flexibility and collaboration, with digital skills and a data-oriented mindset. Similarly, the target for hiring women through the "Flex" programme (which specifically aims to hire young professionals with no previous experience) is 60%, and in the case of "Lead" (which connects young people with some professional experience) it is 70%.

The "Transforma" programme, launched in 2023, focuses on profiles with high management and leadership potential, enriching the diversity of the talent pool. The objective is to reach more than 50 new hires by 2025 with 60% female profiles. The experience of this new talent includes participation in major projects, internal mobility between business areas and participation in career acceleration processes towards positions of responsibility.

[MDR-A_05] In the whole programme, a total of 301 young people have joined the 'Flex & Lead' programme with an average age of 28 years and 82% are women and 29 professionals in the 'Transforma' programme, 86% of whom are women.

Executive talent management model [S1-4_03]

[MDR-A_01] [MDR-A_02] Naturgy has a management talent management model that, based on the company's leadership model, identifies evaluation, segmentation and action processes that allow promoting professional development and guaranteeing the necessary coverage and succession based on objective measures that ensure transversality and diversity in the process. Thus, through this model, Naturgy drives growth from continuous and dynamic processes that promote exponential value for talent.

This model, which ensures the coverage of positions in the company's organisational structure, identifies risks and develops talent, [MDR-A_03] is currently in place and is carried out through periodic and recurring processes. An example of this are the development interviews, Internal Talent Review and External Review, internal and external expert interview processes, which allow the development profile of the group's managers to be updated, reviewed and oriented.

Feedback conversations and direct comparison with each person on their competencies as a leader, their motivation and their career interests are encouraged. This information, together with that from the rest of the model's processes, enables transversal or specific action plans to be activated (training, coaching, career acceleration, mobility, promotion, etc.). [MDR-A_05] Over the year 2024, 404 management talent development interviews have been conducted.

Corporate University [S1-4_03]

[MDR-A_01][MDR-A_02][MDR-A_03] The Corporate University (CU) is the representative and backbone element of the training experience in Naturgy through the development of key knowledge, the connection with the latest trends and technologies, as well as the development of skills and competencies linked to the leadership and cultural models of the company. This transformation lever is currently implemented with recurring processes aimed at executives, middle management and employees of the group in general, external collaborating companies, customers and suppliers.

Alignment between the CU and the Global Training Policy is ensured through regular monitoring committees, where visions, proposals and practices are exchanged, facilitating the influence and integration of training into key processes. In this way, the CU is structured into:

- **Transformational Leadership Academy (TLA)**

  Based on a vision of the future and linked to Naturgy's strategic plan, in 2024 the TLA has continued its training deployment to ensure the leading role of the company's leaders in the transformation and achievement of business objectives through four axes:

  - **Digital Academy:** with the aim of transforming the professional profile in Naturgy towards more digital professionals.
  - **New Energy:** with the vision of developing managers and high potentials to meet future challenges and market trends.
  - **Naturgy Leadership:** with the aim of promoting the role of leadership as drivers and connectors of organisational and cultural change in the company.
  - **Happiness Academy:** with the aim of promoting motivation and well-being with a holistic vision.

    This academy promotes training in aspects and dimensions that affect people's happiness. It integrates existing training content together with new offerings linked to the promotion of health and physical, mental and emotional balance, through transformational experiences, inspiring talks and the promotion of healthy leadership and psychological security.

- **Tech Academy (TA)**

  The Tech Academy, on the other hand, transfers to the professionals of each unit the technical knowledge for the development, quality and homogeneity of expert knowledge, necessary to face current and future challenges in each of the company's businesses.

Training catalogue

On the other hand, transformation and change processes have been proposed that are implemented in the environment and culture and are applied through the development of new skills to guarantee the sustainability and diversity of the company, learnability, critical thinking and assertiveness. The Corporate University promotes a new concept of leadership: digital, exponential leader, with influence and management of complex environments.

[MDR-A_05] As novelties in 2024 with respect to previous years, the 'Happiness Academy', 'STEAM Women's Community', 'Focused Leaders Cycle Programme' and 'AI and AIGen School' programmes have been incorporated, respectively.

This year's programmes have been organised in the following areas:

- **Transversal programmes, with high impact on the commitment to the culture and values of the company:**

  - **Transformation and entrepreneurship:** intra-entrepreneurship programme with Junior Achievement, for the training of internal mentors to support start-ups.
  - **Well-being:** programmes aimed at improving self-awareness and managing emotions in a healthy way, such as "Naturgy Leader Well-being" (Healthy Leadership) and workshops on psychosocial risks. Well-being actions have also been carried out through mindfulness programmes. In addition, specific cohesion actions have been carried out for work teams, to raise awareness of the importance of self-leadership and teamwork; and awareness-raising webinars on well-being issues.
  - **Happiness**: creation of the "Happiness Academy" with courses on topics related to employee well-being and motivation. These are open courses for employees to enrol voluntarily in the content that best suits their needs and availability. The trainings can be synchronous or asynchronous and are available in the different corporate languages and are available on the training platform where employees can easily access them. This repository of resources is updated periodically with the aim of always offering new content related to the subject. From January to December 2024, around 3,823 attendees have passed through this school with a total of 5,953.48 training hours, with training courses such as: "The Sense Programme", "The pillars of happiness", "Sustainable happiness programme", "In the words of...", "El Gefe" (happiness management),"Mindfulness corporate training", workshops on psychosocial risks or "Naturgy Leaders Well-being".
  - **Sustainability**: trainings to put sustainability at the centre of the business strategy such as "Carbon Footprint and Climate Change", "Decarbonisation and Sustainability Congress", "Corporate Sustainability Certification" and "Energy Storage and Green Transition". In addition, a new cross-cutting pill is being developed to assist and support the entire organisation.
  - **Diversity:** throughout the year to raise awareness of diversity issues such as: "Inclusive Language" which raises awareness on the inclusive use of language with guidelines to facilitate its application, "Prejudices, stereotypes and unconscious biases and their impact on the workspace" which allows to know and raise awareness regarding the reality of LGTBI+ people in the workplace, "Intergenerational Leadership" which highlights the new leadership model to make multigenerational teams, "Women's Week" with five webinars in which 526 attendees participated, to raise awareness, visibility and female empowerment and "STEAM Women's Community" with 60 members at the beginning and 206 members in 2024, including employees from Latin America.

- **Compliance:** updating of the general course "Crime Prevention Model" reskilling programmes for the continuous training of specific groups such as "Conduct fraudulent conduct against the code of ethics" and "Training in compliance" in Brazil. Seminars such as "Jose Manuel Maza Seminar on criminal compliance and criminal liability of legal entities", "Fundamentals of fraud prevention", "Fundamentals of fraud detection", "Fundamentals of fraud investigation" and "The board and compliance/ESG/sustainability".
- **Innovation**: training courses such as "Connecting Energy", which adopts the way of thinking and the business models of start-ups as a tool for growth, the "Disrupt" programme to delve into the aspects that define a start-up and how it evolves in the different phases, the "Agora Talks" and "Innovation Week" with different webinars and pills. The Agile methodology is also facilitated through Scrum actions and certifications.
- **Cybersecurity**: New Cybersecurity 2.0 course in which the cyberattacks with the greatest impact on an organisation are learnt in a practical way. Awareness-raising webinars were also held, such as "CEO fraud" and "Antiphising". Finally, development of awareness-raising videos with ad-hoc content, "Elevator with H".
- **Communication:** different actions according to the groups such as "Communication Skills" in which both written and oral communication are worked on, "Club Cautiva" in which with the Learning by doing learning method, biweekly sessions are held on different topics of communication skills, "Elevator Pitch" and "Impact Communication".

– **Programmes to boost the company's professionals digital profile**

- **Digital Culture:** open programmes that reinforce the company's digital vision on OneDrive, Teams and SharePoint, Digital Marketing knowledge, AI trainings in general and, in particular, the realisation of the "PersonIA Project" with recordings of internal pills with tips on digital tools.
- **Digital skills:** "Data Programmes", which deals globally with data management processes (Computational thinking + Data Analytics + Data science), programming languages such as Python, SQL or Visual Basic, and other tools such as Power Apps, Power Automate or Power BI. Reskilling-oriented training has been carried out according to the different business needs: a programme for marketing management and the "B-Digital programme" to create solutions oriented to the automation of processes in data processing and visualisation. "PYSPARK" to learn the fundamentals and functionalities of Pyspark for data transformation. B- Digital Amateur support sessions to work on real projects based on MS technologies. "NAPAI Project" to develop skills on the "AWS Data Analytics" platform and "Data Business Owner Women STEAM", data skills programmes for the STEAM women community. This year, we have started with the digitalisation processes in the AI world, which has a great impact and is transversal to all businesses. With the AI Framework & Governance, a global vision of the AI governance model was provided. SCRUM Certification.

– **Leadership promotion programmes, as a lever for the group's transformation and vision.**

- **AI School and IAGen:** this new school offers knowledge and training resources to all employees on the subject according to their roles and needs and the evolution of technologies.
- **All you need is Grow (ANG)**: management development programme, one of the most relevant, aimed at all the people in the group of managers that has been carried out during 2023 and 2024, to promote vision and strategic thinking, develop leadership skills, enhance individual development, inspire, motivate and mobilise the team, access resources that promote continuous improvement and strengthen the personal network of contacts.
- **Focused Leaders Cycle Programme:** a programme designed for Naturgy executives in a face-to-face format with two sessions, in a collaborative, challenging, networking-generating space focused on the opportunities and challenges that the company will face.

- **Top Executives:** these are external seminars in the best business schools (Harvard, LBS or IMD) with different themes, which are selected by the executives themselves according to their development needs.
- **Mentoring Programme:** fosters a culture of internal leadership that is committed to developing talent and continuous improvement at all organisational levels, aligning individual efforts under a shared vision. Training courses such as "Growing Talent", "Mentoring Change Riders", "MENTOR & COACH Competencies", "Mentoring Club and Mentor Day". The mentoring interviews are monitored and supervised and training support is given to both mentors and mentees. Specific external mentoring for female empowerment has also been carried out with institutions for programmes such as "Women Cross Mentoring" of AED, "Promociona" and Progresa" with ESADE and "Mentoring Program: Destiny Leadership " in collaboration with 50&50 Gender Leadership. The total number of mentoring hours in 2024 was 1,374 hours distributed among 130 participants between mentors and mentees.
- Coaching: during 2024, we continued to work on processes of reflective accompaniment to maximise potential and achieve personal and professional objectives. Different individual processes have been worked on with the Escuela Europea de Coaching and Humaniza, in addition, respecting traditional and corporate methodologies, online coaching actions have been carried out through the CoachHub platform. The total number of individual coaching hours in 2024 was 1,920 hours distributed among 287 people.

Monitoring and evaluation of internal talent development actions and inclusive culture [S1-4_04]

Developing internal talent

The development of internal talent is monitored and evaluated through the various committees set up for the collective.

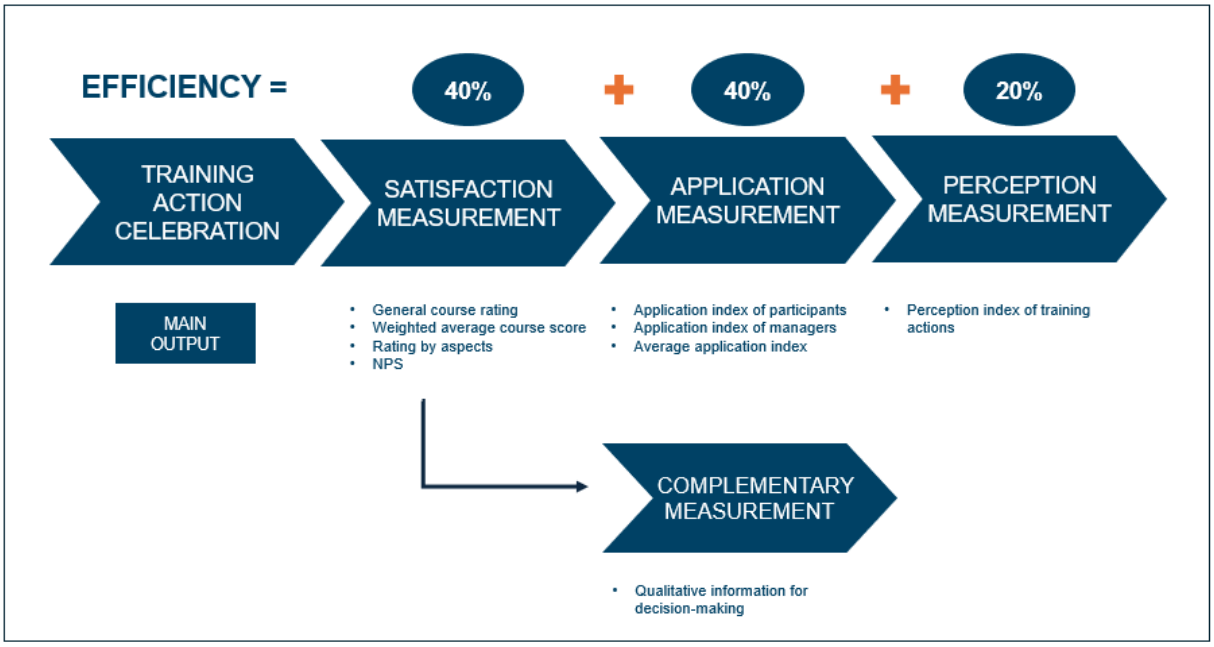
The Management Positions Coverage Committee is held fortnightly to assess the different coverage needs and development opportunities, monitoring the diversity and transversality criteria in the shortlists of candidates presented and assessed, as well as the indicators and objectives set. In this line, mobility, promotion and progress in gender and age objectives are monitored in order to promote the diversity of the group. It also reports on the evolution of the percentage of women in management positions, the objective of which is to reach 40% by 2025.

The monthly Non-Managerial Mobility Committee's main objective is to ensure compliance with the commitments set out in the new Non-Managerial Internal Mobility model. To strengthen the consistency and monitoring of the process, the committee defines and establishes clear rules and creates a single point of reference that centralises formal information needs in relation to the process. These include overseeing the publication of all internal vacancies for contract staff, establishing criteria for transparency and accessibility, as well as the requirement of a minimum of two years' seniority in the current position in order to apply for a vacancy. It is important to note that the commitment acquired in this committee goes beyond what is established in the agreement itself and is to publish all vacancies that are generated for agreement staff, excluded and middle management.

Corporate University measurement and monitoring model

The Corporate University has its own model for measuring the effectiveness and results of training through satisfaction surveys, learning application and perception of those responsible for the corporate units and Naturgy's businesses. The purpose of the measurement is to improve training quality, seeking excellence and opportunities for improvement. According to the results shown in the last four years, it can be concluded that the measurement model has been consolidated.

The results show a training effectiveness rate of 8.4% in 2024 and with an implementation of 78.1% of the workforce. In view of these results, areas of opportunity have been identified and specific measures have been taken to further strengthen training initiatives, thus ensuring a positive impact on the professional development of Naturgy's own staff.



In addition, the logistical management of all back office activities, as well as the monitoring and measurement of the Corporate University's activity, are managed externally through process outsourcing, allowing the University's technicians to focus on valuable activities linked to the knowledge and training demands of the business.

The technicians of the Corporate University work as an observatory of training trends in order to connect business needs with the latest trends in training.

To carry out the training actions, Naturgy has a reference campus (Campus Puente Nuevo) and training classrooms distributed throughout its geography, in addition to the meeting rooms available in each work centre.

The training plan is supported by the management team and has internal experts who collaborate in developing new content and delivering training programmes. In addition, there are alliances with business schools and a network of external training consultants with extensive experience and solvency both at technological and pedagogical level, capable of accompanying Naturgy in its objectives to meet the training needs.

In addition, as an integral part of Naturgy's continuous improvement plan, a series of actions have been implemented that have further strengthened the Corporate University. These actions include:

- The recertification according to the ISO 9001:2015 standard of the Corporate University, which demonstrates Naturgy's commitment to excellence in quality management and continuous improvement of training processes.
- The updating and development of new procedures based on effective integration under a single model, which has made it possible to standardise and optimise operations.
- A comprehensive review of all the company's indicators, together with the establishment of a monthly monitoring model to check and compare trends, has provided a more complete and accurate picture of performance over time.

In addition, Naturgy has the CLIP (Corporate Learning Improvement Process) accreditation awarded by the European Foundation for Management Development (EFMD), which recognises the quality of the learning and development processes of people in business education organisations. For 2024, it has been renewed for a further 5 years.

These actions demonstrate the continued commitment to quality, efficiency and innovation at the Corporate University, and position Naturgy solidly to face the challenges and take advantage of the opportunities that arise in the future.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

In order to manage the negative and positive impacts on our own staff, as well as to manage related material risks and opportunities, it is key to use results-oriented targets to encourage and measure progress. The following objectives have been defined through the Strategic Plan and Sustainability Plan.

Health and Safety targets

Naturgy's strategy is based on the principle that "nothing is more important than the safety, health and well-being of people" and is developed in collaboration with the business units to promote a culture of safety and health throughout the entire organization. Naturgy seeks to avoid and prevent accidents and damage to health, while providing a safe and healthy environment.

[MDR-T_01] [MDR-T_09] [MDR-T_07] Therefore, in accordance with the Strategic Plan and Sustainability Plan 2021-2025, accident rate and absenteeism targets were established that are below the average values for the energy sector and at best-in-class levels. These targets are:

- **Lost time accidents frequency rate:** number of lost-time accidents occurring during the working day per million hours worked.
- **Lost time accidents severity rate:** number of days lost as a result of accidents at work per million hours worked.
- **Absenteeism rate due to common contingency (%):** hours of absenteeism due to occupational illness and non-occupational illness per 100 theoretical working hours.

[MDR-T_04] The accident rate targets include our own workforce and workers hired through temporary employment agencies, and the absenteeism target only includes our own workforce due to common illness. The three objectives are applicable to all the countries in which the group operates.

The reference value, base year and target level are presented below:

[MDR-T_02][MDR-T_03][MDR-T_05][MDR-T_06]

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Lost time accidents severity rate for own workforce (per 1,000,000 hours worked)	2021	2021	0.60	0.89	0.66	0.60
Lost time accidents frequency rate for own workforce (per 1,000,000 hours worked)	2021	2021	30.75	32.0	28.1	32.50
Absenteeism rate due to common contingency (%)	2021	2021	<3%	2.15	1.83	<3%

[MDR-T_13] Targets are monitored and reviewed in the quarterly follow-ups of the Sustainability Plan. In 2024, the number of accidents with lost time increased with respect to the previous year from 9 to 12 accidents. Of these, 7 occurred in the Argentina Gas business (same result as the previous year) and there was a slight increase in Brazil and Mexico (3 accidents compared to 0 the previous year). The causal factors are associated with finger entrapment, overexertion, falling from a vehicle, falling while on foot, falling from a tool during handling, sprained feet and traffic accidents. Although the majority of accidents are minor, some of them are associated with traumatic pathologies that are slow to recover, hence the increase in the severity rate. [MDR-T_11] In addition, the company's own staff participated, through the Health and Safety Committees, in the setting and monitoring of accident rate targets and in the monitoring of the quarterly report to the workers' representatives in the case of absenteeism.

In section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)" it is included the information required by the Spanish Law 11/2018 in terms of work organisation.
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[MDR-T_08][MDR-T_12] It should be highlighted that no milestones or intermediate targets have been established. In addition, no changes have been made to the objective, corresponding metrics, underlying measurement methodologies, significant assumptions, limitations, sources and processes adopted to collect data. However, only the way the indicator is expressed has been changed to adapt it to the requirements of the ESRS. In previous years, the indicator was shown per 200,000 hours worked (OSHA criterion), but in this report it is expressed per 1,000,000 hours worked.

In accordance with what is mentioned in the "Purpose and strategy" section of the General disclosures chapter, Naturgy has drawn up a new Sustainability Plan 2025-2027, under the framework of the new Strategic Plan 2025-2027, as a continuation of the previous Sustainability Plan 2021-2025. The objectives that the 2025-2027 Sustainability Plan includes in relation to Health and Safety are indicated below:

	Approval year	Base year	Target 2027	Baseline value
Lost time accidents severity rate for own workforce (per 1,000,000 hours worked)	2025	2022	<0.6	0.60
Lost time accidents frequency rate for own workforce (per 1,000,000 hours worked)	2025	2022	<30.75	28.30
Absenteeism rate due to temporary incapacity (%)	2025	2022	<3	2.60

Equal treatment and opportunities for all targets

[MDR-T_01] In accordance with the Strategic Plan and Sustainability Plan 2021-2025, following objectives were set to achieve the commitments established in this area:

[MDR-T_02][MDR-T_03][MDR-T_05][MDR-T_06]

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Promoter employees (%)	2021	2021	40.0	54.0	49.0	24
Women in management positions[(1)]. Spain (%)	2021	2021	40.0	39.6	36.1	32.4
Staff under 30 years of age (%)	2021	2021	10.0	7.1	6.0	4.0

(1) One woman was included in the 'Senior Management' category in the 2023 Report, therefore there is a variation compared to the previously published data.

[MDR-T_04] [MDR-T_08][MDR-T_09][MDR-T_11][MDR-T_12][MDR-T_13] The methodology used for each objective is given below:

- **Promoter employees (%):** refers to employees who vote 9 or 10 in the quarterly eNPS question out of the overall group. The methodology set to establish the target for employee champions was to take the reference value of 2021 and increase the percentage according to the benchmark carried out. The People and Resources team was involved in this process as a representative of the stakeholder group.

In addition, the performance of these objectives is reviewed in the quarterly monitoring of the culture area and in the Employee Experience Committee, composed of the People and Resources directors of the business units, in monthly monitoring of the People and Resources scorecard, and finally, in the monitoring of the Sustainability Plan.

In the case of employee promoters, no milestones or interim targets have been defined, nor have the objective, metrics, methodologies, assumptions, limitations, sources or processes of data collection been modified.

- **Women in executive positions. Spain (%)**: the percentage of female managers out of the total of this group in Spain. The methodology used to define the objective took into account the base data by business, the reference according to the benchmark carried out and the internal analysis of talent management (recruitment, mobility and promotion).

  The People and Resources team proposed the definition of the objective, but no interim targets or milestones were set. The performance of the objectives is assessed in the same follow-ups as the objective "Employee champions".

- **Staff under 30 years of age (%):** the percentage of employees under 30 years of age out of the total workforce. The methodology used to set the target takes into account the base figure by business, the benchmark reference and the internal analysis of talent attraction and recruitment.

  No milestones or interim targets were set for this objective, and the People and Resources team was involved in setting them. Again, there have been no changes to the objective, metrics, methodologies, assumptions, limitations, sources or data collection processes.

  Its performance is reviewed in the monthly monitoring of the talent attraction and recruitment programmes by people managers from the People and Resources and Executive Talent and Culture teams, in the monthly monitoring of the People and Resources scorecard and in the monitoring of the Sustainability Plan.

In accordance with what was mentioned in the previous section, Naturgy has a new Strategic Plan and Sustainability Plan 2025-27, in which new objectives have been established in relation to working conditions and equal treatment and opportunities for all. These are:

	Approval year	Base year	Target 2027	Baseline value
Promoter employees (annual average %)(1)	2025	2022	>51,3	33.3
Women in executive positions. (%)	2025	2022	40	32.7
Women in workforce. Group (%)	2025	2022	>37	33.2
Employees with disabilities. Spain	2025	2022	>2,5	1.6

(1) This target has been reformulated in terms of calculation, being measured as an annual average instead.

Internal talent development and inclusive culture targets

[MDR-T_01] In accordance with the Strategic Plan and Sustainability Plan 2021-2025, the following objectives were established to achieve the training commitments:

[MDR-T_02][MDR-T_03][MDR-T_05][MDR-T_06]

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
People trained out of the total number of employees included in talent transformation programmes (%)	2021	2021	75.0	86.4	81.7	55.0
Training per employee (hours)	2021	2021	>35	46	41.50	>25

[MDR-T_04] [MDR-T_08] [MDR-T_11] [MDR-T_12] The scope of these objectives covers all Naturgy's activities globally. Both objectives have involved the participation of the People and Resources (CU) team and no milestones or interim targets were set. Furthermore, no changes have been made to the objectives, corresponding metrics, underlying measurement methodologies, significant assumptions, limitations, sources and processes adopted to collect data.

[MDR-T_09] The methodology used to establish the target of "People trained out of the total number of employees included in talent transformation programmes (%)" is the projection of the participation rate according to the programme planning of the Transformational Leadership Academy (CU), and the percentage of annual participation in courses of the Corporate University.

In the case of "Training per employee (hours)", the methodology used to define the target is the projection of the participation rate according to the programme planning of the three UC academies and the annual participation benchmark percentage that was in 2021.

[MDR-T_13]] Its performance is monitored in the monthly follow-ups of the Corporate University, the monthly follow-ups of the People and Resources scorecard and the follow-ups of the Sustainability Plan.

The target of internal talent development and inclusive culture that has been established in the new Sustainability Plan 2025-2027 under the framework of the Strategic Plan 2025-2027, as indicated in the "Purpose and strategy" section of the General disclosures chapter, is:

	Approval year	Base year	Target 2027	Baseline value
Training per employee (hours)	2025	2022	55	35.9

(1) The baseline for this target will be set in 2025 as it is a new indicator.

Characteristics of the undertaking's employees (S1-6)

At the end of the 2024 financial year, Naturgy's human team was located in: Europe, America and Oceania. S1-6_17] The figure for Naturgy's workforce at 31 December that appears in Note 25 of the Annual Consolidated Financial Report differs from that shown in this section. Note 25 shows the consolidated workforce (6,941 people), while this report shows the workforce actually managed (6,812), the difference between one workforce and the other being the people in Spain of joint operation entities (-141 people) and the people of the coal-fired power plants (+ 12 people).

Below it is provided a set of tables illustrating the breakdown of Naturgy's employees by gender, country and type of contract:

- **Number of employees by gender at 31 December** [S1-6_01][S1-6_02]

	2024	2023[1]
Male	4,398	4,516
Female	2,414	2,367
Other[1]	-	-
Not reported[2]	-	-
Total employees	6,812	6,883

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) 'Not reported' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.
(3) The figure of "Male" and "Female" in 2023 is modified following the identification of three females assigned with the wrong gender in systems.

- **Number of employees by country at 31 December** [S1-6_04][S1-6_05]

	2024	2023
Argentina	853	880
Spain	3,891	3,934
Mexico	714	697
Other [1]	1,354	1,372
Total employees	6,812	6,883

(1) Other: considers those countries with less than 50 employees or with more than 50 employees but representing less than 10% of the total number of employees. These countries are: Australia, Brazil, Chile, Costa Rica, Dominican Republic, France, Ireland, Israel, Italy, Luxembourg, Netherlands, Panama, Portugal, Puerto Rico, United States and United States. In 2023, the Netherlands was in this category, in 2024 there are no employees.

- **Number of employees by type of contract and by gender** [S1-6_07][S1-6_09]

	2024					2023				
	Male	Female	Other [1]	ND [2]	Total	Male	Female	Other	ND	Total
Number of permanent employees	2,315	4,279	-	-	6594	2,261	4,389	-	-	6650
Number of temporary employees	99	119	-	-	218	106	127	-	-	233
Number of non-guaranteed hours employees[3]	0	0	-	-	0	0	0	-	-	0
Number of full-time employees	2,414	4,398	-	-	6812	2,367	4,516	-	-	6883
Number of part-time employees	0	0	-	-	0	0	0	-	-	0
Number of employees	2,414	4,398	-	-	6,812	2,367	4,516	-	-	6,883

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) 'Not reported (NR)' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.
(3) This category is not applicable as it is not contemplated in the legal-labour framework in which the companies of the Naturgy Group operate.

In section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)" it is included the information required by the Spanish Law 11/2018 in terms of employment.

- **Turnover rates** [S1-6_11][S1-6_12]

	2024	2023
Number of employees who have left	337	348
Turnover rate (1)	4.89	5.01

(1) Total number of leaves in the year (aggregate number of employees who leave voluntarily or due to dismissal, retirement, or death in service/ average number of employees

[S1-6_13] [S1-6_14] [S1-6_15] The data presented in the tables are expressed in "number of persons" and to the reference period. The calculation methodology is indicated in the section "Methodology for calculating indicators (MDR-M)" in the Annexes chapter.

[S1-6_16] It is important to note that the data presented have not experienced significant fluctuations compared to the previous year, 2023.

The information required by the Spanish Law 11/2018 in terms of dismissals is included in the section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)".

Characteristics of non-employee workers in the undertaking's own workforce (S1-7)

According to Appendix C. List of Disclosure Requirements that are phased-in of ESRS 1, the information required by this disclosure requirement is omitted for the first reporting year.

Collective bargaining coverage and social dialogue (S1-8)

At Naturgy, the importance of collective bargaining as a tool to guarantee fair and equitable working conditions is essential, and for this reason it is established as one of the pillars on which labour relations within the company are based.

Consequently, on 14 October 2022, the 3rd Naturgy Collective Bargaining Agreement for Spain was signed, which reinforces these channels by establishing and articulating different committees and spaces for dialogue to address the different aspects that affect labour relations.

The Naturgy companies in Brazil, Argentina, Chile, Panama and Mexico also have collective bargaining agreements or agreements negotiated with the social partners that cover aspects related to wages, social benefits, working hours and working time, and conciliation, among others, with dialogue and the adoption of agreements being the basis on which labour relations are built.

The percentage coverage, both inside and outside the European Economic Area (EEA), by collective bargaining agreement is presented below:

- [S1-8_01] [S1-8_02][S1-8_03] **Percentage of its total employees covered by collective bargaining agreements**

	2024	2023
Total in the EEA[(1)]:	**60.5**	**61.7**
Spain	60.6	61.7
Total outside EEA:	**73.5**	**73.9**
Argentina	70.1	70.7
Australia	0.0	0.0
Brazil	71.9	70.9
Chile	90.8	91.4
Costa Rica	88.9	93.8
United States	0.0	0.0
Israel	0.0	0.0
Mexico	81.9	82.1
Panama	43.3	42.7
Puerto Rico	0.0	0.0
Dominican Republic	92.5	97.1
Total (inside and outside the EEA)[(2)]	**66.1**	**66.9**

(1) Spain is disaggregated, as it is the only country with more than 50 employees. representing more than 10 % of total employees in the EEA. France, Ireland, Italy, Luxembourg, the Netherlands (only in 2023) and Portugal fall below the threshold. (2) The notations have been used: European Economic Area (EEA).

[S1-8_07] Naturgy has arrangements for workplace representation through trade unions. However, an agreement for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council. has not been established to date, although it may be considered in the future if deemed necessary.

- [S1-8_08] **Countries with collective bargaining and social dialogue agreements by coverage rate**

	Collective Bargaining Coverage [(1)]		Social dialogue
Coverage rate	Employees - EEA(2)	Employees – Non-EEA	S1-8_06 Workplace representation (EEA only)
0-19%			
20-39%			
40-59%			
60-79%	Spain	Argentina	
80-100%		Mexico	Spain

(1) Countries with more than 50 employees have been considered. which represent more than 10% of total salaried employees
(2) The notations have been used: European Economic Area (EEA)

Diversity metrics (S1-9)

The diversity strategy is a commitment to the organisation and people to invest in and promote diverse and transformative talent through integration programmes, recognition and promotion of diversity. Naturgy's diverse talent management strategy has been focused on advancing the talent balance by generational gaps and gender parity.

- **Distribution of employees by age group** [S1-9_03] [S1-9_04] [S1-9_05]

	2024			2023		
	<30	30-50	>50	<30	30-50	>50
Total employees by age group	445	4,199	2,168	403	4,471	2,009

Naturgy aims to be a diverse company in terms of gender, age and skills, and to this end has set medium and long-term objectives that seek to accelerate, for example, the presence of women in positions of responsibility. The progress made in the presence of women at senior management levels is reported below.

[S1-9_06] With regard to senior management, Naturgy adopts the definition indicated by the CNMV for the purposes of the Annual Corporate Governance Report (IAGC), that is, those executives who report directly to the Board of Directors or to the chief executive of the company and, in any case, the internal auditor. Senior management has the following gender distribution:

- **Gender distribution of senior management**[(1)] [S1-9_01] [S1-9_02]

	2024		2023	
Female	4	24 %	1	9 %
Male	13	76 %	10	91 %
Other[(2)]	-	-	-	-
Not disclosed[(3)]	-	-	-	-

(1) The information is expressed in total number of persons and as a % of the total.
(2) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(3) 'Not disclosed' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.

In section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)" it is included the information required by the Spanish Law 11/2018 in terms of diversity.

Adequate wages (S1-10)

[S1-10_01] One of the commitments of the Global Sustainability Policy seeks to ensure adequate employment and wages. Therefore, all the own workforce of Naturgy receives an adequate salary, taking as a reference the local minimum wage in each country or an equivalent reference index.

Social protection (S1-11)

[S1-11_01] [S1-11_02] [S1-11_03][S1-11_04][S1-11_05] Naturgy's own workforce is covered by social protection in Argentina, Australia, Chile, Spain, the United States, France, Ireland, Israel, Italy, Luxembourg, Portugal and Puerto Rico, in the event of loss of income for the following reasons: illness, unemployment, accidents at work and acquired disability, parental leave and retirement.

Unemployment benefit in countries such as Brazil, Costa Rica, Dominican Republic, Mexico and Panama is guaranteed by public bodies; it does not require employer contributions.

- **Social protection coverage by country and by non-guaranteed life events in 2024 (%)** [S1-11_06][S1-11_07][S1-11_08][S1-11_09][S1-11_10][S1-11_11]

Country [(1)(2)(3)]	Type of Employees	Unemployment	Parental leave	Retirement
Brazil	Permanent	0	100	100
	Temporary	-	100	100
Costa Rica	Permanent	0	0	100
	Temporary	-	-	100
Mexico	Permanent	0	100	16[(4)]
	Temporary	0	100	0
Panama	Permanent	0	100	100
	Temporary	-	100	100
Dominican Republic	Permanent	0	100	100
	Temporary	-	100	100

NOTES:
(1) In those countries where there are no temporary employees this has been reflected with '-'.
(2) A percentage of 100% indicates that all employees are covered for the life event.
(3) 0% indicates that no employees are covered for that life event.
(4) 16% indicates that this is the percentage of employees in that country who are covered by the assumption.

Persons with disabilities (S1-12)

[S1-12_01] Currently, the percentage of people with disabilities in Spain is 2.3% (above the legally required percentage) and in the Group as a whole it is 1.70%, which responds to the company's commitment to equal opportunities for all. In this sense, a culture of respect, listening and permanent dialogue is promoted to achieve the objectives set in terms of inclusion of people with disabilities.

The breakdown of employees with disabilities by gender is shown below.

- [S1-12_02] **Employees with disabilities by gender (%)**

	2024				2023			
	Female	Male	Other[(1)]	ND[(2)]	Female	Male	Other	ND
Employees with disabilities [(3)]	52	64	-	-	44	54	-	-
Employees with disabilities among total employees (%)	0.76	0.94	-	-	0.64	0.78	-	-

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) The notation: Not disclosed (ND) has been used, this category refers to those cases in which employees have not declared their gender or have not provided this information for personal or administrative reasons.
(3) Information at Naturgy Group level.

[S1-12_03] For the compilation of the data, the relevant information has been requested from the human resources responsible in each one of the geographies, who have provided the number of people with disabilities in the workforce, according to the degree of disability legally established in each jurisdiction.

Training and skills development metrics (S1-13)

Naturgy's business plan, from a transversal management and at the same time segmented by business units, with initiatives that are adapted to the reality and specific to the reality and specific requirements of each one, according to their own objectives and groups.

In this context, during 2024, the following training hours have been given:

- **Training indicators** [S1-13_03] [S1-13_04]

	Male	Female	Other(1)	ND(2)	Total per employee
Average number of training hours	46.3	45.6	-	-	46.0

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) 'Not disclosed' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.
(3) Data calculated using the perimeter template of the Corporate University. They therefore only include companies that have access to SuccessFactors. These companies represent 93% of the total workforce scope.

In addition, it was conducted regular performance and career development reviews that have been offered to employees to promote continuous professional development, to enhance their skills and to facilitate continued employability.

- **Indicators of carrer development by gender** [S1-13_01][S1-13_02]

	Male	Female	Other(1)	ND(2)	Total per employee
Employees that participated in regular performance and career development reviews (%)	81.4	85.4	-	-	82.8
Number/proportion of performance reviews per employee;	0.9	0.9	-	-	0.9
Number of reviews in proportion to the agreed number of reviews by the management	1.1	1	-	-	1

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) 'Not disclosed (ND)' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.

In section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)" it is included the information required by the Spanish Law 11/2018 in terms of training.

Health and safety metrics (S1-14)

Naturgy has a unique Occupational Health and Safety Management System (OHSMS) for the entire group, developed in collaboration with all business units and focused on the areas of greatest risk criticality. The level of coverage is shown below.

- **Coverage of the Occupational Health and Safety Management System by 2024**

	Coverage (%)	Nº of employees
OHSMS coverage [S1-14_01]	**100 %**	**6,812**
OSHMS coverage certified according to ISO 45001 standard (%)	92.5%	6,300
OSHMS coverage to be certified (%)(1)	7.5%	512

(1) This includes: Argentina (Gasnor, Gas Market and ESJ), Australia (Renewables) and Spain (Naturgy Provisioning).

This system covers 100% of the company's own employees and other salaried employees who, while not being its own employees, carry out their actions in work centres owned by Naturgy and facilitates compliance with both the local regulations in force in the territories where the company operates and the requirements of the international standard ISO 45001:2018.

Health and Safety

In 2024, incidents and accidents have been analysed and investigated and proactively reported throughout the organisation.

Below is the breakdown of events that took place in 2024:

- **Health and Safety Parameters**

	2024	2023
Fatalities as a result of work-related injuries [S1-14_02]	0	0
Fatalities as a result of work-related ill health [S1-14_03]	0	0
Recordable work-related accidents [S1-14_04]	14	13
Recordable work-related accidents rate (per million hours) [S1-14_05]	1.04	0.95
Number of cases of recordable work-related ill health [S1-14_06]	5	8
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health S1-14_07	750	633

In section "Information on social and personnel issues" of the chapter "Disclosures stemming from other legislation (Law 11/2018)" it is included the information required by the Spanish Law 11/2018 in terms of health and safety.

Work-life balance metrics (S1-15)

The 3rd Collective Bargaining Agreement 2021-2024 includes a commitment to work-life balance, through the implementation of measures that significantly promote work-life balance, as well as joint responsibility between men and women. These measures are also aimed at achieving real and effective equality between men and women.

[S1-15_01][S1-15_02] While 14.7% are entitled to take leave for family reasons, 18.2% were entitled to take leave for family reasons (maternity, paternity, parental and carers). The breakdown by gender is shown below:

- **[S1-15_03] Employees entitled to family-related leave and those who took family-related leave by gender (%)**

	2024				2023			
	Male	Female	Other(1)	NR(2)	Male	Female	Other(1)	NR(2)
Employees entitled to take family-related leave(%)	10.3	4.4	-	-	12.6	5.4	-	-
Entitled employees that took family-related leave (%)(3)	1.3	0.9	-	-	1.6	1.0	-	-

(1) 'Other' refers to employees belonging to a third, often neutral, gender. However, this category is not applicable as data for this gender is not available.
(2) 'Not reported' refers to cases where employees have not declared their gender or have not provided this information for personal or administrative reasons.
(3) Maternity and paternity leave is taken by almost 100% of the people (women and men) who are entitled to it. Parental leave (Spain), being an unpaid leave for the time being (pending regulatory legal development), has had little or no acceptance among the workforce.

[S1-15_04] All employees of the company are entitled to family-related leave either through collective agreements, agreements or social policy.

Compensation metrics (pay gap and total compensation) (S1-16)

Gender pay gap

The calculation of the pay gap has been carried out as follows:

$$\text{Gender pay gap} = \frac{\text{Males' average remuneration} - \text{Females' average remuneration}}{\text{Males' average remuneration}} \times 100$$

A percentage greater than zero represents the percentage that women are paid less than men.

Currently, there is less female representation in positions of greater responsibility and, therefore, with a higher level of remuneration. In addition, women are mainly concentrated in management and support positions, while men occupy proportionally more technical and operational positions, where all variable pay (shifts, standby, overtime, etc.) takes place, which explains many of the pay differentials. Finally, there is a predominance of men in the most senior positions, which has an impact on pay.

This scenario highlights the need for diverse profiles, as well as STEAM careers and technical training for the development of the company's business activities.

The evolution of the pay gap is presented below.

- [S1-16_01] **Gender pay gap**

	2024	2023
% of gap	11.8	11.2

The gap data for 2023 and 2024 is based on the total remuneration received by employees, which includes, in addition to fixed and variable remuneration, other additional items such as bonuses or remuneration in kind. It has not been possible to obtain the data for 2022 with the same level of detail, so the data would not be comparable and is therefore not published.

Total remuneration

With regard to the formula for the calculation of the total annual remuneration ratio, the following formula has been considered:

$$\frac{\text{Annual total remuneration for the undertaking's highest paid individual}}{\text{Median annual total remuneration for all employees (excluding the highest-paid individual)}}$$

The ratio is calculated by taking the base salary, benefits in cash, benefits in kind and direct remuneration (all annual long-term incentives) of all employees of the company.

- [S1-16_02] **Annual total remuneration ratio**

	2024	2023
Annual total remuneration ratio	63.3	69.6

[S1-16_03] A global database has been created for all geographies with individualised details of all Naturgy Group employees, including fixed elements, seniority and bonuses, activity bonuses, remuneration in kind, social security contributions and long-term incentives. The total remuneration made up of the sections described above supports the total remuneration ratio requested.

Incidents, complaints and severe human rights impacts (S1-17)

The table below shows the number of work-related incidents/complaints and serious incidents. human rights-related issues among its own workers:

	2024	2023
Incidents of discrimination, including harassment, reported[S1-17_02]	15	5
Complaints submitted to the Code of Ethics Channel concerning working conditions, equal treatment and opportunities for all, and the rights inherent to the job [S1-17_03]	19	22
Serious human rights cases (e.g. forced labour, child labour)(1) [S1-17_08] [S1-17_10]	0	0

(1) [S1-17_09] No cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Business have been reported.

[S1-17_04] The complaints indicated in the table above are those received through the company's Code of Ethics Channel. In relation to complaints submitted to OECD National Contact Points for Multinational Enterprises, no complaints were received through this channel.

[S1-17_07] The reported cases arising from harassment of any kind (gender, work-related, sexual, etc.) are due to cases that have entered the channel during the reporting exercise, although they need to be confirmed after instruction. As regards reported cases related to 'respect for persons' and health and safety issues, they do not need to be confirmed after instruction.

[S1-17_05] [S1-17_06] [S1-17_11] [S1-17_12] During 2024, the company has not received any fines, penalties or compensation arising from serious human rights claims and cases as no such cases have occurred.

2. Workers in the value chain (S2)

Suppliers and collaborating companies are key players in the optimal functioning of Naturgy's value chain, with whom the company promotes the maintenance of trustworthy, stable, solid and mutually beneficial relationships based on the principles of transparency and risk management.

The information provided in response to this standard takes into account the definition of value chain workers as expressed in Annex II 'Acronyms and glossary of terms' of the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards. Thus, value chain workers are "persons performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking".

Interests and views of stakeholders (SBM-2)

In the chapter General disclosures, section "Interests and views of stakeholders", explains how Naturgy collects their opinions, among which are the suppliers and workers of these companies that participate in the company's value chain. As explained in this section, during the double materiality assessment process, the company has taken into account the perspectives of the workers in the value chain, paying special attention to those aspects of Naturgy's strategy and business model that may potentially affect them.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

[S2.SBM-3_01] In the double materiality assessment described in the chapter General disclosures of this report, section 4. Impact, risk and opportunity managements, those people who work for Naturgy's supplier companies and who could be affected through their operations, products or services have been considered as workers in the value chain.

[S2.SBM-3_02] [S2.SBM-3_03]The types of workers in the value chain that could be significantly affected by the company are:

- **Workers working on the undertaking sites** where Naturgy carries out its own operations but who are not part of own workforce (covered in standard S1). This includes workers of companies that provide complementary support services to the general activity.
- **Workers who are employed by entities that participate in previous phases** of the value chain of Naturgy providing services in business areas such as construction, operation, maintenance and supply of materials for power plants or in the development and maintenance of networks of both gas and electricity.
- **Workers who work for entities that are involved in downstream stages of the value chain** by providing business management services, in-store service, customer care or repairing breakdowns.

The development of these activities by supplier companies and their workers has taken place mainly in Argentina, Australia, Brazil, Chile, Spain, Mexico, Panama, USA and, to a lesser extent, Costa Rica, France, Italy, Israel and the Dominican Republic.

[S2.SBM-3_08] [S2.SBM-3_09] In the double materiality process, the general typologies of value chain workers previously listed were considered. Nevertheless, workers with specific characteristics, those who work in particular contexts or those who perform particular activities according to the ESRS definition (for instance young workers, who may be more vulnerable to impacts on their physical and mental development, workers in a context where women are routinely discriminated against in relation to working conditions, or migrant workers in a context where the labour supply market is poorly regulated and recruitment fees are systematically charged to workers) were not included.

This is due to the nature of the company's activities, which do not usually involve workers with these particular characteristics. The company's operations, focused on highly technical and regulated activities, generally involve workers with high standards of training and regulatory compliance, which significantly reduces the presence of vulnerable groups identified by the ESRS on which negative impacts could materialise.

The impacts, risks and opportunities considered to be material according to the double materiality assessment are detailed below:

		Value chain (2)(3)	Business (4)	Time horizon (5)
VALUE CHAIN WORKERS				
Working conditions				
N.I.(1)	Precarious work due to non-compliance with minimum working conditions and occupational health and safety management by suppliers.	VC	Both	Current
	Increase in accidents/incidents associated with work overload due to the demands of the company.	VC	Both	Current
	Increase in critical accidents/incidents (fatalities, serious injuries, etc.) associated with the execution of operational activities classified as high risk.	VC	Both	Short-term
O	Working with local/national suppliers contributes positively to the economic development of communities.	VC	Both	Short-term
Equal treatment and opportunities for all				
N.I.	Discrimination on the basis of race, colour, gender, disability, religion, etc., due to lack of effective anti-discrimination protocols and/or training of workers on equality and non-discrimination, especially in countries with a high rate of discrimination.	VC	Both	Short-term
	Exclusion of candidates from local communities in recruitment favourable to a dominant ethnic group or migrant workers.	VC	Both	Short-term
P.I.	Encourage an inclusive culture by promoting inclusion and equity in those territories where the company operates.	VC	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

[S2.SBM-3_04] Naturgy has a risk map that identifies, for certain products or services and geographies where it operates, the potential risk of violations of workers' rights and specifically the risk of child, forced or compulsory labour. In this way, Naturgy identifies those suppliers with the highest ESG risk.

The company has concluded that this risk is greater for the following countries: Argentina, Brazil, Costa Rica, Israel, Mexico and Panama. In these countries, specific actions are carried out in the evaluation and monitoring of suppliers to ensure compliance with minimum social criteria, which, if they cannot be ensured, may be grounds for exclusion of the supplier.

Throughout this chapter, more detail is provided on the processes and actions implemented by Naturgy to ensure that suppliers guarantee adequate working conditions for workers in the value chain.

[S2.SBM-3_05] With regard to whether the material negative impacts are systemic impacts in the context of the company's operation or are related to individual cases, due to the management systems in place at Naturgy, the occurrence of these impacts is not widespread and, if they do occur, it is due to fortuitous breaches in the control and prevention mechanisms in place.

Naturgy's Supplier Code of Ethics is the basic instrument that establishes the guidelines that, as a minimum, must govern the ethical behaviour of suppliers, contractors and external collaborators, in accordance with the corporate culture, with Naturgy's regulatory system and with the laws of each of the countries where Naturgy carries out its activities.

Naturgy, from the very first moment it establishes a commercial relationship with a third party, implements mechanisms to ensure the alignment of these with the company's guidelines for action and therefore minimise the materialisation of material impacts on workers in the value chain.

Specifically, in order to minimise the occurrence of negative health and safety impacts and, specifically, to reduce the accident rate associated with its activities, the company has a Occupational Health and Safety Management System (OHSMS) that includes different operational control instruments applicable in the different phases of the activity execution process, which guarantee that the activity of workers in the value chain is carried out in the most appropriate conditions, complying with both legal and regulatory requirements and internal health and safety standards.

This chapter describes in detail the management systems and tools that Naturgy has at its disposal to prevent the materialisation of material negative impacts from being generalised.

[S2.SBM-3_06] With regard to positive impacts, Naturgy considers that the guidelines of conduct established in the Supplier Code of Ethics contribute to the promotion of an inclusive culture and equity between supplier companies and workers in the value chain, as it enables suppliers, contractors and external collaborators to strengthen ethical behaviour in the performance of their activity and in their relationship with Naturgy and its customers, and with third parties. Suppliers shall provide the necessary means for their employees to be aware, at all times, of the external and internal regulations relevant to the functions they perform, and shall establish the necessary internal control models to ensure compliance with legality and ethical values. All suppliers must adhere to the Supplier Code of Ethics, which establishes guidelines for conduct relating to human rights, respect for people and equal opportunities.

[S2.SBM-3_07] In relation to material risks and opportunities, Naturgy considers working with local/national suppliers as a material opportunity, given that it positively promotes the economic development of the communities. In this way, and whenever possible, the company supports the generation of positive social benefits by promoting the contracting of suppliers from the country or region where it carries out its activities, preserving the company's reputation and ensuring Naturgy's sustainable action principles in the purchasing and contracting processes.

According to the double materiality assessment, no material risks arising from impacts that could affect workers in the value chain are identified.

Policies related to value chain workers (S2-1)

[S2.MDR-P_01-06][MDR-P_01][S2-1_06] Naturgy addresses the material impacts on workers in the value chain through three policies: the Global Sustainability Policy, the Global Health, Safety and Well-being Policy and the Supplier Code of Ethics.

The Global Sustainability Policy defines the basic principles of action in matters of respect for Human Rights that Naturgy assumes and, specifically, establishes a commitment to people linked to suppliers, contractors, collaborating companies and business partners. It therefore assumes that:

- The company will communicate its commitment to human rights throughout its value chain. It will encourage suppliers, contractors, business partners and other collaborating companies to formalise their commitment to human rights and, in particular, that they acquire with the people they employ the same commitments that Naturgy acquires with its workforce, facilitating adherence to Naturgy's policy to those who request it in the event that they do not have their own policy.
- Naturgy will include specific clauses on respect for human rights in contracts where the risk is higher, enabling it, in the event of a non-compliance being detected , to cease the contractual relationship depending on the nature and seriousness of the non-compliance.

[MDR-P_02][MDR-P_03][MDR-P_05][MDR-P_06] As indicated in the Corporate Policies section of the General disclosures chapter, the approval of the Global Sustainability Policy corresponds to the Board of Directors and its application to the Management Committee. In addition, the above-mentioned section details the scope of the policies and explains the commitments and principles when considering the interests of stakeholders, as well as the mechanisms made available to them.

[MDR-P_04] [S2-1_01] [S2-1_08][S2-1_09]The commitments established in the Global Sustainability Policy regarding human rights are constituted in accordance with the principles of third-party standards and initiatives, the company is not aware of any reported breaches of these international instruments.. The details of these aspects are specified in the section Policies related to own workforce.

[S2-1_04] In addition, Naturgy's Global Sustainability Policy defines the company's way of acting in the event of human rights violations, committing itself to develop the necessary measures to ensure adequate reparation of the adverse impacts directly derived from its operations and to exert its influence to promote the application of similar effective remedial measures among its business partners.

[MDR-P_01][MDR-P_02] The Global Safety, Health and Well-being Policy establishes the basic commitments that guide the company's actions in relation to the prevention of negative safety and health on both its own workforce and on workers in the value chain. In this sense, Naturgy considers health and safety management as a key factor of business leadership. Doing things right the first time is doing them safely, avoiding accidents or damage to health and obtaining optimal and efficient results in all activities.

Among the commitments established by this policy, those aimed at preventing the materialisation of negative impacts on workers in the value chain are listed below:

- Establish health and safety as an individual responsibility that conditions the employment of Naturgy's workers, as well as the activity of its collaborating companies.
- Promote well-being by maintaining a working environment with safe and healthy working conditions.
- Prevent possible injury and damage to health by ensuring that any potential risk situations are assessed and managed in an appropriate way to eliminate hazards and reduce risks.
- Integrate stringent health and safety criteria and objectives in business , as well as in the selection and evaluation of suppliers and collaborating companies.

[MDR-P_03][MDR-P_06] Each business unit is ultimately responsible for ensuring that partner companies are aware of and apply the commitment to safety, health and well-being established in this policy and extend it to all workers in the value chain.

The Supplier Code of Ethics is understood as an extension of Naturgy's Code of Ethics and aims to establish the guidelines that, as a minimum, must govern the ethical behaviour of suppliers, contractors and external collaborators, in accordance with Naturgy's corporate culture and regulatory system, with the laws of each of the countries where Naturgy carries out its activities, respecting the values of their respective cultures. It also includes the commitments derived from the United Nations Global Compact and the following Naturgy policies and codes: the Global Sustainability Policy, the Anti-Corruption Policy and the Code of Ethics.

[S2-1_02] Therefore, the Supplier Code of Ethics defines a series of social and labour conduct guidelines and specifically defines lines of action relating to: respect for legality, human rights and ethical values; respect for people; professional development and equal opportunities and dignified employment.

[S2-1_03] Likewise, integrates collaboration with workers in the value chain into its approach, through respect for people and attending to complaints received through the Internal Information System of workers in the value chain that arise in the execution of the contracts that the company maintains with the contractor companies for which these workers work.

[S2-1_05] Although aspects such as child or forced labour among workers in the value chain are not material matters for Naturgy according to its double materiality assessment, given the relevance of these, the Supplier Code of Ethics defines obligations aimed at eliminating any form or modality of forced or compulsory labour or involving human trafficking and to require that minimum hiring ages be respected in accordance with applicable legislation, and to have the means to ensure its compliance.

Processes for engaging with value chain workers about impacts (S2-2)

[S2-2_01] Naturgy is aware of the importance of knowing suppliers' perspectives, and therefore collaborates with them when developing its activities or making decisions regarding impact management. The mechanisms used to ensure that their perspectives are taken into account in the impact management and prevention processes are described below.

Value chain workers' channel

Health and Safety

[S2-2_02][S2-2_03] In respect to health and safety, collaboration is established through systematic participation in regular business activity coordination meetings which, at different organisational levels, address a variety of issues to ensure a safe working environment and proper management of operational activities. [S2-2_05] However, collaboration is not established within Global Framework Agreements or with global union federations in terms of human rights.

The meetings deal with aspects such as: leadership in safety by the management of the collaborating companies; adequate control of their subcontracting levels with a standard demand equivalent to that of Naturgy; having adequate mechanisms for the selection, coordination and training of their workers; the correct planning of activities or an adequate selection of the safety equipment and materials to be used. These are all priority aspects that are shared in these coordination meetings to promote an adequate safety culture throughout Naturgy's value chain.

The meetings are held according to the following schedule:

Level	**Directorate** [S2-2_04]	**Frecuency**	**Scope**
1	General Directorates (first operational line reporting to the Board of Directors) or Country Managers of the Countries.	Annual, preferably in the 1st quarter	Collaborating Companies at Country level
2	Directorates or units under Level 1 (Area Directorates, etc.)	Half-yearly	Collaborating Companies at Zone level
3	Department or units under Level 2 (Zones, Delegations, Sectors, Technical Services, etc.)	Quarterly, when necessary, specific meetings may be held with a specific Collaborating Company.	Collaborating Companies at Sector level

[S2-2_06] It is especially important to measure the effectiveness of the collaboration with collaborating companies that carry out high-risk activities (activities related to the construction, operation, maintenance and development of works) and the impact of the measures on the improvement of the safety conditions in which their workers carry out their activity. To this end, mechanisms are defined to measure, control and manage continuous improvement in health and safety performance. For more information, see the sub-section "Actions to manage negative and positive impacts" in this chapter.

Equal treatment and opportunities for all

[S2-2_03] The impacts in terms of equal treatment and opportunities for all are managed through the commitment to comply with the ethical standards contemplated in the Supplier Code of Ethics, throughout the contract period.

[S2-2_05] The Code includes the commitments derived from the principles of The United Nations Global Compact, to which Naturgy adhered in 2002. [S2-2_02] This commitment facilitates a direct participation of the supplier in this matter and is extensible to all workers in the value chain.

[S2-2_04] The acceptance of the Supplier Code of Ethics is an indispensable condition for establishing a contractual relationship with Naturgy.

[S2-2_06] The evolution of the indicator "Purchase volume with acceptance of the Code of Ethics (%)" shows the effectiveness of this action, since in 2017 the value was 67.8% and in 2024 it is 95.6%. It should be borne in mind that the implementation of the purchasing model has followed a progressive approach, so there are companies that have only recently joined the model and therefore the percentage is not 100%. In companies where the model is fully consolidated, percentages of around 99% are reached.

Furthermore, all suppliers, contractors and external collaborating companies have the possibility of confidentially addressing, in good faith and without fear of reprisals, Naturgy's Ethics and Compliance Committee to make queries or report any non-compliance through the Code of Ethics Channel. These communications are managed by the Compliance unit in order to respond to actual or potential impacts.

[S2-2_07] Although the company does not have specific mechanisms to understand the perspectives of workers who may be especially vulnerable to impacts, the Code of Ethics channel is also available for these groups. Through it, they can file complaints if they occur during the execution of contracts between Naturgy and suppliers. If these workers suffer any kind of discrimination in the work or professional sphere, whether due to age, race, colour, gender, religion, political opinion, national descent, social origin or disability, they must report it through this channel.

Processes to remediate negative impacts and channels for value chain workers to raise concerns (S2-3)

[S2-3_01] As mentioned above, Naturgy has a series of control tools aimed at reducing the probability of material negative impacts occurring. In this sense, the company works mainly on establishing mechanisms to ensure that suppliers and collaborating companies have in turn implemented management systems and control elements to minimise as far as possible the occurrence of negative impacts on workers in the value chain.

Naturgy has implemented a supplier evaluation and selection process that is explained in the section on Management of relationships with suppliers (G1-2), in the chapter on Business Conduct. In summary, this process is based on a classification of suppliers according to the level of risk assigned by the company to the product or service to be contracted. Depending on this level of risk, Naturgy requires the acceptance of certain minimum requirements, ranging from acceptance of the Supplier's Code of Ethics to the performance of approvals in the case of suppliers with higher risk. Subsequently, and once the supplier is contracted, the company has a series of measures aimed at assessing its performance, both in operational aspects and in quality or sustainability issues, through internal assessments and ESG audits carried out by third parties.

This series of measures is aimed at assessing whether suppliers adequately comply with the company's requirements for each product or service contracted and whose final result is to establish a series of corrective actions in the event that non-compliances are detected which, among other consequences, may result in negative impacts on workers in the value chain.

In addition, and given the importance of the health and safety factor in the activities carried out by Naturgy, the company manages and investigates accidents through the standard "Process of communication, investigation and monitoring of accidents and incidents", in order to address the real negative impacts caused by accidents. Thus, in 2024, 100% of the accidents and incidents occurred were investigated and the relevant corrective and preventive actions were applied, with the aim of restoring compliance as soon as possible to minimise their consequences and avoid their repetition.

These measures are described in detail in the next section of this chapter.

To ensure that the corrective plans are effective, Naturgy requests documentation on the specific actions established and the deadline for their execution, as well as the presentation of evidence that must be validated by a representative of the company once the detected non-conformities have been solved. In the event of repeated non-compliance, the materialisation of negative impacts and the supplier's failure to implement corrective actions, the company considers the possibility of terminating contracts or reducing the workload assigned to these suppliers. In the case of de-classification or de-certification of suppliers, they would no longer be able to work with Naturgy. For further information on classification and approval, see the section on Management of relationships with suppliers (G1-2)in the chapter on Business Conduct.

Value chain workers' channel

The specific channel available to workers in the value chain to express their concerns is the Code of Ethics Channel, which is accessible through Naturgy's website (www.naturgy.com). Through this channel, suppliers, contractors and external collaborating companies can express their concerns.

[S2-3_02][S2-3_03][S2-3_04][S2-3_05][S2-3_06] For more information on the availability and effectiveness of the channel, as well as on the follow-up of issues raised in the channel, stakeholder confidence and the policy of protection against retaliation, see "Internal channels for own workforce" in the subsection "Processes to remediate negative impacts and channels for own workforce to raise concerns" in chapter S1. Own workforce.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action (S2-4)

[S2-4_05][S2-4_06] Naturgy has structured processes that result in actions aimed at identifying, preventing and, if necessary, responding to actual or potential negative impacts that may affect workers in its value chain. These processes include the evaluation, approval, monitoring and development of suppliers. The ultimate aim is to follow a preventive approach so that the necessary measures are implemented to ensure responsible supplier management and to minimise the likelihood of negative impacts on workers in the value chain. Likewise, the processes defined by the company contribute to strengthening the capacities of suppliers, extending Naturgy's principles of action to collaborating companies with the ultimate aim of generating positive impacts.

[S2-4_07] In relation to how the company ensures that processes to provide or enable remediation in case of material negative impacts are available and effective in their application, please refer to the information disclosed in the section above on “Processes to remediate negative impacts and channels for value chain workers to raise concerns”.

[S2-4_10] As explained in the previous sections, Naturgy has a series of mechanisms aimed at preventing the occurrence of negative impacts on workers in the value chain within the framework of its operations. These mechanisms are based on the specific commitments determined in the policies defined by the company and are accompanied by due diligence procedures aimed at reducing the likelihood of impacts occurring. [S2-4_11] It is worth noting that no serious cases or complaints related to human rights have been identified regarding workers in the value chain.

[S2-4_12] Naturgy assigns specialised resources for the management of material impacts, ensuring a structured and efficient approach. The company has specific teams to manage the relationship with suppliers and teams focused on occupational risk prevention. In addition, the company has teams dedicated to preventing and limiting the safety risks associated with the entire life cycle of industrial assets (design, operation, maintenance), as well as the safety conditions in which the processes associated with them are carried out, in order to avoid accidents and incidents that could cause damage or harm to people, property or the environment. To execute the processes and actions, Naturgy relies on various technological tools and management systems.

[MDR-A_06][MDR-A_07][MDR-A_09][MDR-A_10][MDR-A_11][MDR-A_12] In economic terms, these actions require a financial contribution from Naturgy in the form of related capital investments and operating expenses, which are not significant and are aggregated into larger accounting items, as it is very difficult at the accounting level to provide individual details of these items.

Below is a description of the actions that Naturgy has developed in 2024 to address both negative impacts and promote positive ones, as well as to take advantage of opportunities. The actions are focused not only on preserving and promoting working conditions in terms of health and safety, but also on promoting equal treatment and opportunities for all through policies, preventive plans and corrective measures, among others.

Actions to manage negative and positive impacts

Supplier Code of Ethics [S2-4_01]

[MDR-A_02] Naturgy is aware that the risk in relation to the integrity of the company goes far beyond its operations. For this reason, it has established various mechanisms to manage the relationship with the companies that participate in the value chain, as inadequate performance of its suppliers and contractors in terms of the environment, health and safety, human rights, labour practices or corruption may damage the integrity of the company.

[MDR-A_01]The Supplier Code of Ethics determines the guidelines of conduct in the social and labour, ethical and good governance, health and safety, environmental and quality areas. Therefore, Naturgy tries to prevent possible cases of discrimination or exclusion of vulnerable groups and establishes the following social and labour guidelines:

- **Respect for legality, human rights and ethical values:** it undertakes to act in accordance with the legislation in force, with the internal regulatory system established in accordance with internationally accepted ethical practices, with respect for human rights and freedoms, and ensures that its suppliers strictly assume this commitment.
- **Respect for people:** it rejects any conduct by its employees and suppliers that could create an intimidating or offensive environment for people's rights.
- **Professional development and equal opportunities:** it promotes the professional and personal development of its employees, in order to ensure equal opportunities through its policies.
- **Providing decent employment:** Naturgy's suppliers, contractors and external collaborators shall remunerate their employees in a decent manner.

[MDR-A_03] [MDR-A_05] Since 2016, as mentioned above, all Naturgy suppliers must systematically adhere to the Supplier Code of Ethics in order to participate in tenders or receive orders. In the case of awarded suppliers, this adherence is carried out annually. [S2-4_04] Naturgy monitors the indicator "Purchase volume with acceptance of the Code of Ethics (%)" whose value has risen from 67.8% in 2017 to 95.6% in 2024. The objective from 2022 is to maintain it above 95%. It should be borne in mind that the implementation of the purchasing model has followed a progressive approach, so there are companies that have only recently joined the model and therefore the percentage is not 100%. In companies where the model is fully consolidated, percentages of around 99% are reached.

Official approval a of suppliers [S2-4_01]

The supplier approval process for ESG risk and quality factors is described in the Management of relationships with suppliers section of the Business Conduct chapter.

[MDR-A_01][MDR-A_02][MDR-A_03] Specifically and prior to contracting, all supplier companies that according to Naturgy's risk matrix are going to supply products or services to Naturgy with high health and safety risk are evaluated according to an exhaustive homologation process where the supplier must give an initial response to aspects such as:

- The management and employees are committed to Naturgy's safety principles and policies, and accept its safety principles, recognising that safety is a condition of employment for employees and a condition of contracting for collaborating companies.
- They have an assessment of the risks associated with the different positions and activities they carry out for Naturgy, and having a certified health and safety management system is valued.
- Workers have the appropriate education, training and qualification for the contracted activities and are provided with the necessary protective equipment and safety materials.
- The line management feels responsible for the safety of its own and subcontracted personnel.
- The supervision of the line of command integrates the monitoring and operational control of the activities carried out for Naturgy.
- Naturgy's safety commitment is transferred in cascade, ensuring that subcontractors assume the same safety commitments.

Making the initial supplier selection and approval process very demanding in terms of health and safety compliance minimises the potential negative impacts associated with precarious work, lack of resources and poor planning, which can lead to work overload and the potential lack of health and safety measures.

Performance monitoring [S2-4_01]

[MDR-A_01][MDR-A_02][MDR-A_03] Supplier performance is monitored annually for the most relevant suppliers, that is, those providing high-risk services, with recurring contracts and high amounts. This action consists of carrying out evaluations that measure the degree of satisfaction of the operating units and assess aspects of quality of the services provided, health and safety, operational and ESG aspects.

[MDR-A_05] In 2024, 1,556 performance evaluations have been carried out on suppliers in Argentina, Brazil, Chile, Spain, Mexico and Panama, evaluating a total of 1,010 suppliers.

The results and the classification obtained are passed on to the supplier, also indicating their weaknesses and areas for improvement. As a result of these evaluations, corrective actions are implemented for those suppliers whose rating does not reach the standard set by the company. In 2024, action plans have been agreed with 97 suppliers with insufficient scores in the performance measurement.

[S2-4_04] Likewise, Naturgy monitors this action through the "Health and Safety Performance Assessment" of the collaborating companies that carry out high-risk activities. In it, aspects and criteria are established to evaluate and control in an objective and homogeneous way the performance of the collaborating companies in health and safety in order to promote continuous improvement in this area.

The evaluation system is set out in a safety standard that is available to all collaborating companies. It assesses indicators whose evolution has a direct impact on the improvement of safety conditions when carrying out the work and on the reduction of the accident rate associated with it. The indicators used in the evaluation are as follows:

- **Accident rate**: this is calculated taking into account the occupational accidents that the collaborating company has had.
- **Positive metric rate**: this is calculated considering health and safety incidents, work stoppages, safety improvement proposals or proposals for action reported by the collaborating company.
- **Documented inspections rate**: this is calculated by considering the results of documented inspections of the cooperating company.
- **Rate of occupational health and safety documentation delivered**: is calculated considering the health and safety documentation delivered by the collaborating company.
- **Work health and safety maturity rate**: this is calculated considering the involvement and commitment of the collaborating company with Naturgy's health and safety project.
- **Infringements and penalties rate**: this is calculated taking into account the infringements and penalties imposed on the collaborating company in health and safety matters.

The total assessment of these indices is made on a maximum basis of 100 points, so that the collaborating companies must obtain an overall minimum score of 70 points. If the value is below 70, they are required to submit an action plan. In addition, the results are shared with the partner companies so that they are aware of their relative position in each business.

ESG audits [S2-4_01]

In addition to the performance monitoring explained above and carried out internally by its own personnel who supervise the work carried out by suppliers and collaborating companies, Naturgy relies on external audits aimed at assessing the management systems and performance of suppliers in relation to sustainability issues in order to mitigate negative impacts.

[MDR-A_01][MDR-A_02][MDR-A_03] Audits are carried out continuously, being valid those carried out in the last three years on suppliers with high ESG risk, in all the countries where Naturgy has established the purchasing model, regardless of the supplier's country of origin: Argentina, Brazil, Costa Rica, Spain, Mexico and Panama. This model establishes a management process with unified and universal criteria for the entire scope of action of Naturgy. Key processes of these functions are centralised so that there is global coordination that makes it possible to identify opportunities for improvement.

These on-site ESG audits are managed by external consultants (Achilles) using protocols, standards and procedures defined by the Community of utilities in Southern Europe and South America. The following audits will be carried out depending on who requests it:

- At Naturgy's request on suppliers categorised as high ESG risk with a higher purchasing volume.
- At the request of other members of the RePro Community in shared suppliers: these correspond to requirements of other purchasing companies that are members of the Community, addressed to their suppliers according to the criteria established by these companies. In some cases, the suppliers are common to those of Naturgy.
- Within the RePro Community: on-site audits on those suppliers whose assessments of financial, people (working environment, hiring practices, working hours, occupational risk prevention), reputational, compliance and corporate social responsibility (ethics and integrity, non-discrimination, community relations) risk criteria do not exceed the target parameters established by this Community.

Repro is a supplier evaluation community for the energy and utilities industry used in South America and Southern Europe. It currently consists of 50 purchasing companies and evaluates around 15,000 supplier companies annually.

Regarding audits, in 2024, both audits requested by Naturgy to suppliers with high ESG risk and collaborative audits requested by other members of the Repro Community to shared suppliers have been carried out.
[MDR-A_05] Since 2017, Naturgy has the indicator "Coverage level of ESG audits over purchase volume with high ESG risk (%)", whose value has risen from 41.4% in 2017 to 88.3% in 2024. Likewise, the 2021-2025 Sustainability Plan has the objective of reaching 95% regarding the level of coverage of ESG audits on purchase volume with high ESG risk in 2025.

Suppliers who submit material non-conformities in social, environmental or governance aspects during audits are required to provide a corrective action plan for resolution. Suppliers have a maximum of one year to provide such a plan. [S2-4_04] In addition, the company has a platform whose purpose is to monitor non-conformities, in which suppliers upload evidence of their resolution and these are analysed and validated by an auditor. Naturgy's purchasing and operating units are informed of the existence of non-conformities so that the appropriate measures can be taken in the event of seriousness, repetition or failure to implement corrective actions.

In addition, and due to the relevance of the subject, Naturgy is developing a series of measures specifically aimed at minimising the impacts in relation to health and safety at work. To this end, the company has the 2024-2025 health and safety plan, the positive metrics tool and the management and investigation of accidents and incidents.

Health and Safety Plan 2024-2025 [S2-4_01]

[MDR-A_01] [MDR-A_02] [MDR-A_03] Health and Safety Action Plan 2024-2025 is aimed both at the company's own workforce (for more information on the company's own workers see the Health and Safety section of the Own workforce chapter) and at collaborating companies, both contractors and subcontractors.

This plan approved by the Management Committee in October 2023 is the continuation of the Health and Safety Action Plan 2021-2023, which was implemented as an urgent response to the increase in fatal accidents in 2020. This plan is aligned with both the commitments and objectives of the Global Safety, Health and Well-being Policy.

[MDR-A_05] In 2024, actions have been integrated such as:

- Security Communication Plan 2024.
- Accountability of partner companies, improving their proactivity throughout the subcontracting chain.
- Updating of training and informative content for collaborating companies.

The following table shows the evolution of the fatality rate in collaborating companies, as well as the accident rates:

	2024	2023
Fatality rate in collaborating companies	1	1
Fatality rate in collaborating companies (per million hours)	1.65	1.75
Lost time accidents severity rate (per million hours)	66.70	53.85

In 2024, a fatal accident occurred due to a fall from height during the assembly of a photovoltaic installation on the roof of a ceramic manufacturing company. The work had an approved installation project, a health and safety study carried out by a competent technician and a health and safety coordinator during the execution phase. The investigation is still open.

Positive Metric Tool (M+) [S2-4_02]

[MDR-A_04] The Positive Metrics (M+) tool aims to proactively identify and report unsafe situations and acts, so as to subsequently analyse their causes and launch actions, plans or improvement programmes aimed at managing the actual and potential impacts on workers in the value chain.

[MDR-A_01][MDR-A_03][MDR-A_02] The permanent availability of a safety management tool such as Positive Metric (M+), has a very relevant impact on the reduction of the negative impacts associated with the accident rate of operations and on the improvement of safety proactivity of the collaborating companies.

- The communication of incidents that occur during the development of activities, and whose identification and analysis can anticipate preventive measures that minimise the probability of an accident.
- The preventive stoppage of works in which safety breaches are detected and their non-continuation until these have been rectified and the necessary safety measures have been put in place.
- Safety and health improvement proposals (SHI) reported by workers that may affect facilities, processes and activities.

Positive Metric Indicators (M+)

	2024	2023
Nº of Preventive safety Observations (PSO)	8,640	8,670
Nº de incidentes	2,598	2,434
Nº de paralización de trabajos	1,665	1,763
Nº of proposals for improvement of health and safety (HSP)	557	539

Its design and implementation always urges all workers in the value chain not to proceed with, or give higher priority in any circumstances to, the performance of any work involving an uncontrolled risk for which the necessary means and knowledge are not available. [MDR-A_02] Thus, in all locations, workers have the right to stop work if they feel the situation is unsafe.

[S2-4_04] The effectiveness of the actions implemented, both through the Health and Safety Plan and through the Positive Metrics tool, is assessed through the performance evaluation, explained above.

Management and investigation of accidents and incidents [S2-4_02]

[MDR-A_01][MDR-A_03] Naturgy carries out the identification, treatment and investigation of the causes of accidents and incidents are defined in the internal safety standard "Process for reporting, investigation and follow-up of accidents and incidents". This action involves the investigation of all accidents and incidents occurring until their closure, in all geographical areas where Naturgy operates, as well as participation in the investigation of accidents and incidents involving workers of collaborating companies.

The investigation process starts as soon as the event becomes known. The persons in charge of the investigation, in order to know the circumstances in which it occurred, collect physical evidence and gather information, which is complemented by interviews, review of procedures, tests or analyses deemed necessary.

The purpose of the investigation throughout the process is:

- Identify the causes and contributing factors of the accident/incident: why.

- Identify, if appropriate, actions to be taken to reduce the risk of the event happening again: learning.

[S2-4_04] The investigation processes include the participation of the line managers of the workers and employees involved and any other person who can provide relevant information for the determination of the causes.

To facilitate the first purpose, Naturgy has a unified incident investigation system whose model is based on root cause analysis and optimised according to existing best practises and the HFACS (Human Factor Analysis Classification Scheme) methodology:

- It enables root-causes to be reached through gradual reflection.
- It facilitates the process of capturing information and disseminating lessons learned.
- It discriminates responsibilities among the value chain actors involved and allows for a diagnosis of hierarchical levels at which to act.
- It facilitates the adoption of short- and medium-term measures, including the review of processes, activities and applicable standards.

In relation to learning, any findings from the investigation feed into the risk assessment, so if the need for a review is identified, the reason for this is recorded. The corrective and preventive actions defined are also reported, with the aim of restoring compliance as soon as possible to minimise consequences and avoid recurrence.

The company considers that not all events that occur have the same “Potential Serious Injury or Fatality (PSIF)”. [MDR-A_04] For this reason, the business units focus on critical risk factors, which are those whose occurrence can cause severe alterations in the health of the worker, of a permanent or long-term nature, or even death.

The introduction of this concept means a change in the analysis and monitoring of accidents and incidents, the main negative impact of Naturgy's activity on people, because an even more exhaustive investigation process is carried out and a rapid implementation of those control measures that act on these precursors, eliminating or reducing their impact.

[MDR-A_02][MDR-A_05] In 2024, a total of 2,666 incidents and accidents have been analysed and investigated, proactively reported by own workforce and workers in the value chain.

Development of suppliers [S2-4_03]

In addition to the measures described so far aimed at preventing and mitigating negative impacts, Naturgy collaborates with supplier companies with the aim of helping them to improve their management practices and, ultimately, contribute to the generation of positive impacts, such as fostering an inclusive culture by promoting inclusion and equity.

[MDR-A_01] [MDR-A_02] [MDR-A_03] Naturgy permanently promotes both the technical and management training of its suppliers and the development of knowledge and ESG practices through the Extended Academy(EA) of Naturgy's Corporate University to encourage the improvement of operational efficiency, the incorporation of innovative methodologies and the development of skills aimed at excellence in operations and service.

Since 2022, Naturgy is part, as a driving company, of the "Training Programme: Sustainable Suppliers", in collaboration with the Spanish Network of the United Nations Global Compact. This programme, which promotes the training of suppliers in ESG aspects, is focused on training SMEs suppliers of large companies in specific areas of the Ten Principles of the Global Compact and the Sustainable Development Goals (SDG). [MDR-A_05] Thus, in 2024, a total of 47 SMEs suppliers of Naturgy had the opportunity to participate in this training programme.

Through this programme, participants have had the opportunity to receive training on general aspects of sustainability, the Sustainable Development Goals and the ten principles of the Global Compact, and to study in depth, among others, issues such as diversity, equity and inclusion in the business environment, understand how to define an equality plan or examine the importance of respect for human rights in business practice.

Additionally, with the aim of promoting equality in collaborating companies, Naturgy has issued a communication to all suppliers in the EMEA area that have contracts in force with the company. This communiqué provides information on the Naturgy Group's Equality Plan 2023-2027 and highlights the company's commitment to promoting equal opportunities, rejecting any form of discrimination based on gender, sexual orientation, marital status, disability, age, race, political and religious beliefs, trade union membership or any other type of discrimination. The communication has also been published on the Group's website so that it can be consulted by new or potential suppliers.

Actions to manage risks and opportunities

[S2-4_08] In the double materiality assessment, no material risks arising from impacts on workers in the value chain have been identified, so the company does not disclose the required information regarding actions planned or underway to mitigate material risks.

[S2-4_09] On the other hand, the main measure that Naturgy has established to take advantage of the material opportunity identified is the action aimed at collaborating with supplier companies in order to promote and prioritise the contracting of local/national suppliers.

Collaboration with local suppliers

[MDR-A_01][MDR-A_02] Naturgy promotes collaboration with local or national suppliers to positively influence the economic development of communities. [MDR-A_03] Through the Sustainability Plan, the company has established the objective that, by 2025, more than 85% of the purchasing volume awarded will be from local suppliers. [MDR-A_05]Thus, in 2024, a level equal to 90.48 was reached.

It is part of the work of the purchasing teams to encourage the contracting of suppliers from the country or region where the company carries out its activities in face of similar competitiveness in other locations, thus supporting the generation of positive social impact. [S2-4_04] The effectiveness of this action is also monitored through the above-mentioned objective.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5)

[S2.MDR-T_01-13][S2-5_01][S2-5_02][S2-5_03] Naturgy establishes the targets for managing the impacts and opportunities identified in the double materiality assessment. These targets are shared with suppliers and their performance is analysed annually in the business activity coordination meetings, so that the companies are aware of the evolution of their performance.

The objectives set for the management of impacts, risks and opportunities are set out below:

Targets related to the material sub-topic of working conditions of value chain workers

[MDR-T_01] It is worth noting that the opportunity to work with local/national suppliers has a positive impact on the economic development of communities, for this reason the 2021-2025 Sustainability Plan has the objective "Purchase volume assigned to local suppliers (%)", which makes it possible to monitor Naturgy's commitments in relation to its value chain (for more information on commitments, see the section on Management of relationships with suppliers with suppliers in the Business Conduct Chapter).

[MDR-T_09] The target was established by calculating the volume of purchases assigned to suppliers located in the same geographical area from where the purchase is made as a proportion of the Group's total purchase volume.

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Purchase volume assigned to local suppliers (%)	2021	Not applicable	> 85.0	90.5	89.9	Not applicable

[MDR-T_11][MDR-T_13] This objective is known by all the collaborating companies with which Naturgy carries out its operations. Likewise, these goals are reported and supervised by the Sustainability Committee in the different meetings held during the year.

[MDR-T_08][MDR-T_12] Finally, those target has had no milestones or interim targets, nor changes to the corresponding metrics, underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon.

[MDR-T_01] .[MDR-T_04] [MDR-T_07] In the Sustainability Plan 2021-2025, Naturgy did not have targets for the management of negative impacts on working conditions in the field of workers in the value chain. However, as mentioned in the section "Sustainability purpose and strategy" of the General disclosures chapter, Naturgy has designed a Sustainability Plan for the years 2025-2027, in which targets have been included to address the above-noted impacts.

The new objectives, which have a global scope, for collaborating companies (CC) in the period 2025-2027 are:

	Approval year	Base year	Target 2027	Baseline value
Lost time accidents frequency rate for contractors (per 1,000,000 hours worked)	2025	2022	< 1.75	1.55

Targets related to positive and negative impacts of equal treatment and equal opportunities for all

[MDR-T_01] The 2021-2025 Sustainability Plan has objectives that make it possible to assess the responsible management of the value chain and ensure that it, through the Supplier Code of Ethics, complies with the principles set out in the company's Code of Ethics.

[MDR-T_09] The established target-setting methodologies are as follows:

- **Coverage level of ESG audits over purchase volume with high ESG risk (%):** this is determined by calculating the volume of high ESG risk purchasing audited in the last 3 years out of the group's total volume of high ESG risk purchasing.
- **Purchase volume with acceptance of the Code of Ethics (%):** this is established by calculating the purchasing volume of general contracting from suppliers that have accepted the Naturgy Supplier Code of Ethics in the year over the total purchasing volume of the Group.

[MDR-T_11][MDR-T_13]The targets are known by all the collaborating companies with which the company carries out its activities. Similarly, the targets are communicated and monitored by the Sustainability Committee at meetings held during the year.

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Coverage level of ESG audits over purchase volume with high ESG risk (%)	2021	Not applicable	95.0	88.3	84,4	Not applicable
Purchase volume with acceptance of the Code of Ethics (%)	2021	Not applicable	95.0	95.6	96,4	Not applicable

These indicators maintain the same scope at country and business level as the previous objective 'Purchase volume assigned to local suppliers (%)'. In addition, the code of ethics acceptance indicator does not include the Chile gas network business as the Group's systems used to calculate this indicator are not available, which represents 2.48% of the total volume of purchases awarded.

[MDR-T_08][MDR-T_12] During the established period, there have been no milestones or intermediate targets, as well as no changes in the corresponding parameters, underlying measurement methodologies, significant assumptions, constraints, sources and processes for data collection.

In addition, on the occasion of the new Sustainability Plan 2025-2027, which updates the indicators of the previous Sustainability Plan, the following two objectives have been set to be met by 2027:

	Approval year	Base year	Target 2027	Baseline value
Coverage level of ESG audits over purchase volume with high ESG risk (%)	2025	2022	95	82.7
Purchase volume with acceptance of the Code of Ethics (%)	2025	2022	96	95.4

3. Affected communities (S3)

The information provided in response to this standard takes into account the definition of value chain workers as expressed in Annex II 'Acronyms and glossary of terms' of the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards. . Therefore, affected communities are "People or group(s) living or working in the same area that have been or may be affected by a reporting undertaking's operations or through its upstream and downstream value chain. Affected communities can range from those living adjacent to the undertaking's operations (local communities) to those living at a distance. Affected communities include actually and potentially affected indigenous peoples".

Naturgy is committed to respecting the groups affected in the Global Sustainability Policy, described in the chapter General disclosures, section Corporate policies of this report. The analysis of the social impact that the company's activities may have on the affected groups and the contribution to improving their living conditions, from energy, are key to the fulfilment of this commitment.

Interests and views of stakeholders (SBM-2)

As explained in the chapter General disclosures, section "Interests and views of stakeholders", Naturgy gathers the opinions of all stakeholders through different dialogue and collaboration actions. Specifically, in the case of affected communities, the company shows a great willingness to relate to this community through early and transparent communication. This collaboration is developed in the Affected Communities Policy, with the Social Relationship Model (SRM) is the tool that not only makes it possible to know their opinions, but also to look after their interests. Both references are detailed throughout this chapter.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

[S3.SBM-3_01] All affected communities that could be affected by the company, either by its own operations, its products or services or by business relationships, have been considered in the double materiality assessment, described in the chapter General disclosures of this report, section 4. Impact, risk and opportunity management.

[S3.SBM-3_02] [S3.SBM-3_03] These groups are identified in the projects during the initial phases and in their continuous review throughout the life cycle of the activity, in the locations where they are developed. In this sense, the affected communities by the company's material impacts are the people or groups who live or work in the same area where the company carries out its activities and who have been or may be affected by them, as well as the indigenous peoples located in these areas. Such is the case of the Quilombolas in Sobral and Sertao (Brazil) and the Zapotecos in Juchitán de Zaragoza, Oaxaca (Mexico).

Within these groups, special attention is given to the most vulnerable groups that could be most affected by the company's activities, for example: women, people from socio-economically vulnerable backgrounds, people with disabilities and rural communities.

Following the double materiality , it has been concluded that this issue is material only from an impact perspective, as reflected in the table below .[S3.SBM-3_06] Therefore, no material risks or opportunities, considered from a financial perspective, arising from the company's interaction with the affected groups are detailed. The impacts are:

		Value chain (2)(3)	Business (4)	Time horizon (5)
AFFECTED COMMUNITIES				
Communities' economic, social and cultural rights				
N.I.(1)	Affecting human health due to the emission of atmospheric pollutants derived from the activity of the company and the value chain.	VC	Both	Current
	Affecting the well-being of local communities through noise pollution from activities causing problems to health and well-being, both physical and mental.	OO	Both	Current
P.I.	Dynamisation of the economy and contribution to the GDP of the regions where the company operates derived from the contribution of profits (taxes, infrastructures, community development programmes).	VC	Both	Current
	Promoting the creation of local employment in the construction and operation phases of the infrastructures.	VC	Both	Current
	Promoting the employment of minorities and vulnerable groups.	VC	Both	Current
Rights of indigenous people				
N.I.	Displacement of local communities and violation of the territorial rights of indigenous communities through infrastructure projects that may require large extensions of land.	VC	Electricity	Medium-term
	Put at risk the cultural heritage, traditional knowledge and/or spiritual sites of indigenous communities due to project activities.	VC	Electricity	Medium-term
	Non-compliance with recognising the right of indigenous communities to maintain their customs and social practices, as well as the ownership of those territories that have been legally granted to them, according to the provisions of Convention 169 of the International Labour Organisation (ILO).	VC	Electricity	Medium-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section "Naturgy and its value chain". The term "VC" has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities "Gas", "Electricity" and "Both" are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the "Current" category are those that have occurred the present year, and thus no time horizon applies.

[S3.SBM-3_04] Regarding the negative impacts, actual or potential, that have an effect on or could have an effect on the affected communities, these are individual incidents that the company deals with closely with the authorities and the areas in charge of social management.

[S3.SBM-3_05] Naturgy develops different actions that generate a positive impact on the communities affected by its operational activity, through these actions it seeks to promote the economic and social development of the regions in which it is present. For example, the company carries out training programmes in different countries, such as Argentina or Brazil, focused on promoting the employability of young people in vulnerable situations (for more information, see the subsection "Actions to manage negative and positive impacts" in this chapter).

[S3.SBM-3_07] During the double materiality assessment, the impact that the company's activity could have on the indigenous population has been specifically analysed. Naturgy is aware that these communities have particular characteristics that must be taken into account and that there is a greater risk that their rights may be violated. However, in accordance with the above, no risks or opportunities have been identified that could significantly affect the collectives affected globally, or specific groups of affected collectives.

It should be noted that during the socio-demographic classification of the area, a fundamental stage within the Social Relationship Model(SRM), the local communities and their characteristics are studied and, based on this analysis, it is determined whether the project in question is viable, taking into account the particular needs of the collectives.

Policies related to affected communities (S3-1)

[S3.MDR-P_01-06] [MDR-P_01] Naturgy defines its main principles and commitments regarding the economic, social and cultural rights of communities and the rights of indigenous peoples in the Global Sustainability Policy and develops this commitment in greater detail in the Affected Communities Policy, which defines how Naturgy manages the impacts of its business on these groups from an operational perspective.

[S3-1_01] The Global Sustainability Policy defines the basic principles of action in matters of respect for Human Rights that Naturgy assumes and specifically establishes various commitments with people, communities and society. In this sense, it undertakes to:

- Provide the means to ensure that the company's activities do not have a negative impact on the natural environment or on the traditional ways of life and work of the people living in its areas of operation.
- [S3-1_06] Comply with the terms of Convention 169 and with the indications of the competent authorities in each case, in the event that their activities have an impact on areas where indigenous peoples are present.
- Respect the right of indigenous communities to maintain their customs and traditional ways of life, as well as those real rights that they have acquired in accordance with the legal framework in force or, where appropriate, in accordance with tradition and generally accepted practices, ensuring them fair compensation and at least that legally provided for in the event of suffering any detriment or prejudice as a result of the activities carried out by Naturgy.

[S3-1_07] Naturgy considers these commitments to be in line with internationally recognised standards relevant to collectives and indigenous peoples, including the UN Guiding Principles on Business and Human Rights, and is not aware of any reported breaches of these international instruments.

[MDR-P_02][MDR-P_03][[MDR-P_05]][MDR-P_06] With regard to the Global Sustainability Policy, the Corporate Policies section of the General disclosures chapter of this report provides exhaustive details of the scope of the policies, the bodies responsible for their application and, in addition, the commitments and fundamental principles established to incorporate the interests and concerns of this group, as well as the mechanisms and channels made available to them.

[MDR-P_04][S3-1_02] The commitments made in the Global Sustainability Policy have been established in accordance with the principles expressed in the United Nations Universal Declaration of Human Rights and the Declaration of the International Labour Organisation (ILO), the principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance and the European directives and national laws that regulate these principles.

[MDR-P_02] The scope of application of this policy covers all companies or entities in which the Group has, directly or indirectly, a majority shareholding or responsibility for their operation and/or management.

[S3-1_01][S3-1_03][S3-1_04][S3-1_05] This policy establishes that Naturgy respects the cultural diversity and human rights of communities, especially indigenous peoples and vulnerable groups. To this end, it undertakes to act with the necessary due diligence, to assess and, if necessary, mitigate social risks and impacts, identifying possible effects on human rights and to establish solid and cooperative relations with the groups in the areas of influence of the activities, integrating social management as another discipline in the entire life cycle of the activities.

Processes for engaging with affected communities about impacts (S3-2)

[S3-2_01] The Social Relationship Model (SRM) is the main process that Naturgy implements to collaborate with the affected communities in terms of impacts. This model takes into account the perspectives of all groups, as it carries out a diagnosis based on which the area of influence and social impact is determined, as well as the mapping and classification of stakeholders. Specifically, this model is applied in the geographies where the company has a presence, adapting the actions to the idiosyncrasies of each geography.

The collaboration process for the incorporation of the concerns and interests of the groups affected by the company's activity is developed in the following way:

- **Pre-feasibility and opportunity analysis:** the area of influence is determined, as well as the possible impacts, risks and opportunities that could occur. In addition, a mapping of the communities that could be affected by the company's activity is carried out and a relationship plan aimed at managing them is initiated. Particular emphasis is placed on the concerns of vulnerable groups and, if necessary, indigenous peoples, with prior consultation in accordance with established standards.
- **Design, processing and procurement:** permanent communication is established, developing bonds of trust, as well as agreements with landowners and/or affected neighbours. Finally, the Social Relations Plan (SRP) is activated, incorporating the expectations and concerns of the affected groups.
- **Construction and implementation:** progress is reported and dialogue with communities is maintained through working with neighbourhood representatives, community sessions and instant messaging applications. In this phase, containment measures are included, if necessary, and agreements are signed. In addition, if impacts materialise, remediation mechanisms are activated.

[S3-2_02] Within the framework of the SRM, the company carries out a mapping and characterisation of stakeholders and identifies the communities affected by the company's activities as well as their needs and aspirations. [S3-2_03] This consultation, participation and information collaboration is established both directly with the community and with legitimate representatives or credible proxies during the different phases of the life cycle of the activities and depending on the context of each location.

Below, it is illustrated, with the most relevant examples of this exercise, how this collaboration process is carried out in different geographical areas and businesses where the company is active:

Engagement processes

Engagement in Spain

[S3-2_03] [S3-2_02] In Spain, the business that has had the greatest impact on the groups affected by its growth in recent years and the type of projects carried out is renewable generation. In the territories where the MRS has been implemented, there is a social management team formed with local-level specialists. This team maintains a close and permanent relationship with the neighbours of the projects developed by the company, fostering collaboration and two-way communication based on trust, consultation, participation and access to information.

The work of the social managers comprises a cabinet and a field part. The figure of the social manager intervenes in the different stages of the MRS, performing information functions, mediation in the event of possible impacts, resolving doubts about the project, gathering information from the territory through participatory processes and supervising the proper implementation of the model, in coordination with Naturgy teams, and local stakeholders and interest groups (neighbourhood communities, associations, local administration, third sector entities and others).

[S3-2_04] In order to guarantee collaboration, the most senior managers of the activity, such as the heads of Development, Construction and Operations directly, and indirectly, the General Manager of of Renewable Generation and transversal units, support with resources and provide guidelines on the strategies to be followed.

[S3-2_05] While there is no fully implemented effectiveness measurement model, results are assessed through regular monitoring and reporting meetings such as the Project Development and Construction Committees, both at regional and project level.

International engagement

In the international sphere, the figure of the social manager is present in the main geographies where the company operates. In countries where the company is less present, the company has its own workforce prepared to undertake the social functions, ensuring communication with the legitimate representatives.

[S3-2_02] [S3-2_03] In Mexico, active collaboration is carried out with the affected collectives in the mapping and identification phase. The teams involved identify the representatives of the Community Participation Commissions and organise information meetings to provide project details, deadlines, legal documents and means of communication. In addition, a house-to-house survey is carried out to hand out information leaflets and collect feedback from affected groups, which allows a detailed report to be drawn up and specific actions to be planned to address doubts or opposition. Finally, meetings are held with community representatives to ensure participation and compliance with project objectives.

[S3-2_02] [S3-2_03] In Brazil, the company holds regular meetings with community leaders to discuss impacts and define corrective actions. In addition, it offers digital platforms and customer service channels for communities to express their concerns. It also implements social investment programmes based on identified needs, benefiting affected communities with infrastructure and education projects.

[S3-2_05] The effectiveness of this collaboration is evaluated through surveys, meetings, events, dissemination through the corporate website and social networks. These collaborative processes have generated tangible results, such as the identification of sensitive areas and the adoption of preventive measures, improving trust and social acceptance. Active collaboration has resulted in initiatives aligned with local needs, such as infrastructure improvements and training programmes.

[S3-2_02][S3-2_03] In Argentina, in those territories where projects have been implemented with the communities, there is a coordinating team that relies on foundations and non-governmental organisations (NGOs), because of their role as recognised spokespersons. In this way, they are responsible for establishing and maintaining a close and continuous relationship with the neighbours of the projects being developed. Their work ensures the correct implementation of the model, promoting information, active participation and effective coordination with local groups, including neighbourhood communities, local governments and third sector organisations, among other relevant actors. [S3-2_05] Collaboration with these entities also makes it possible to evaluate the effectiveness of the actions developed.

[S3-2_04] In the area of network businesses, stakeholder management depends functionally on the country's Communication and Institutional Relations Department, reporting directly to the first executive of the company in that geography.

Engagement with vulnerable groups

[S3-2_06] Local social managers, land managers and business unit representatives with the most direct interaction with affected groups maintain direct dialogue and communication with them. However, for specific cases and groups, such as vulnerable groups, appropriate interlocutors are designated and the most appropriate consultation and participation methods are defined for each situation, which may include direct individual interactions, the mediation of legitimate representatives or the organisation of open information days, among others.

For example, in the case of Mexico, in the socio-demographic identification phase, which is part of all projects, an analysis is carried out to understand the perspectives of specific communities and to detect the possibility that these groups may be particularly affected, either directly or indirectly. The analysis takes into account:

- Age distribution in the population.
- Classification by age groups (children, youth, adults, elderly).
- Proportion of men and women.
- Cultural diversity and presence of minorities.
- Distribution according to level of education attained (primary, secondary, tertiary, etc.).
- Literacy and access to education.
- Employment and unemployment rates.
- Predominant types of occupations and economic sectors.

After the socio-demographic identification of the area, the various stages of consultation and participation described above are carried out, where a closer approach is achieved with the possible groups affected, which guarantees the knowledge and consideration of their needs and points of view.

Indigenous people

[S3-2_07] Naturgy respects the autonomy of indigenous communities and recognises their right to preserve their culture and traditional ways of life.

The Social Relationship Model, accordance with the provisions of the Affected Communities Policy, develops the corresponding consultation process to obtain free, prior and informed consent in accordance with the terms of Convention 169 and the indications of the competent authorities in each case. In this way, their participation in decisions that affect their lives, lands and resources is guaranteed through the right to maintain and strengthen their cultures, traditions and institutions.

In the case of Australia, all social relations activities are based on the development and implementation of a specific Social Relationship Model in each of the projects, starting in the development phase of the projects and continuing during the operation phase, based on permanent communication with the most relevant stakeholders in the environment.

It should be noted that the projects developed by Naturgy in that country do not have a direct impact on the lives of the First Nations Peoples (name in Australia) identified, as they do not live in the vicinity of the projects and facilities. However, the action may affect their cultural heritage. This heritage includes tangible aspects that are part of the culture of these populations, such as Aboriginal artefacts or native vegetation, or intangible aspects, such as their values.

In this way, Aboriginal peoples are identified as part of the key stakeholders in each of the projects and are involved from the beginning of each one as part of the Cultural Heritage Management Plan. The Aboriginal peoples are:

- EMAC (Eastern Maar Aboriginal Corporation): through the recently under operatoins Ryan Corner Wind Farm and Hawkesdale Wind Farm projects, and through the development of the Darlington Wind Farm and Tarrone BESS projects.

- Wiradjuri: on projects in the development of Paling Yards Wind Farm and the construction of Glenellen Solar Farm.
- PCCC (Port Curtis Coral Coast Trust): in the construction phase of the Bundaberg Solar Farm project.
- Wathaurong: in the Berrybank BESS project.

Consultation with Aboriginal groups is a must in Australia from the beginning of the project as they are one of the main stakeholders. Their participation is encouraged from the outset as they are considered the "Traditional Owners" of the land and are treated in a very respectful manner.

The steps are as follows:

- First of all, the aboriginal group present in the project area is identified, and research is carried out on this group, their background, culture, activities, etc.
- The company then contacts them and holds an initial meeting to present the company and the specific project, in order to inform them and get their opinion.
- Joint work is done on the Cultural Heritage Management Plan or Agreement (CHMP) that is mandatory to be developed as requested in the project permit. This document has to be negotiated and agreed with the Aboriginal group. It includes how their cultural heritage (tangible and intangible) in the project area is to be managed by our team and our contractors in accordance with their values and traditions.
- The Aboriginal group is the one that conducts all surveys on the project site to ensure that possible cultural artefacts, indigenous vegetation, etc., are properly managed.
- The company works together with partner companies in accordance with the cultural heritage requirements of the CHMP.
- The Aboriginal group also provide cultural training induction to our employees and contractors, and participate in smoking ceremonies on site (prior to the start of construction) and also in groundbreaking ceremonies once the project is built and commissioned.

Processes to remediate negative impacts and channels for affected communities to raise concerns (S3-3)

[S3-3_10] The general approach followed by Naturgy when providing or contributing to the remediation of negative impacts is defined by the four fundamental principles of action that underpin the Social Relationship Model:

- We are one with the territory: we recognise, respect and protect local values and idiosyncrasy.
- We communicate as equals: we encourage early and transparent communication and open channels of active.
- We generate shared value: together with the community, we promote actions that improve the quality of life in our environment.
- We offer opportunities: we are a driving force for development in the territory, and a driver for supporting local employment and training in the sector.

Therefore, based on the needs, concerns and expectations identified by the company through the collaboration processes with the groups involved, explained in the previous section, Naturgy defines in each geography and/or project an initial plan for the relationship with the affected groups, aimed at managing the impacts identified and based on these four principles of action.

In addition, through environmental and social impact studies prior to the implementation of any project, the company identifies the environmental compensatory actions aimed at mitigating the possible impacts of the projects.

Internal channels for affected groups

Code of Ethics Channel

[S3-3_11][S3-3_13][S3-3_15] The Code of Ethics Channel is a communication mechanism accessible to any stakeholder, designed to resolve doubts and report possible breaches of the established rules and principles of conduct. The availability of this channel, the process for following up on issues raised and the policy for protection against retaliation are detailed in the section "Internal channels for own workforce" in the section "Processes for remediate negative impacts and channels for own personnel to express their concerns (S1-3)" in chapter S1. Own workforce. This channel is available in all businesses and geographies except the gas networks business in Chile.

In Chile, the Code of Ethics channel, known as the "Linea de Denuncia", is available through the website (https://naturgy.cl/linea-de-denuncias/). In this case, the whistleblower may choose to make the report anonymously or identify him/herself, and the protocol that protects the confidentiality of the report is defined in the Crime Prevention Model Policy.

Specific channels in the framework of the projects

[S3-3_11] In addition to the Code of Ethics Channel, the company establishes specific channels and procedures for each project or geography and, as explained in the previous section, the company appoints social managers to facilitate communication and conflict resolution.

Some examples are given below:

- Renewable technology development projects in Australia: in accordance with the requirements of the authorisations, Naturgy provides a complaints box for the affected community at each of the sites. In addition, there are social managers who facilitate communication and conflict resolution.
- In the Mexican gas networks business, messaging channels such as WhatsApp are used. The channel is managed by the social management team itself, in conjunction with other operational areas. Through the group chat, information is provided on the phases and progress of the projects, as well as the mitigation actions that the company develops in the face of possible negative impacts.
- Argentina's gas network business has a damage prevention plan that includes communication channels that allow affected groups to anticipate, denounce or report possible excavations or breakage of installations.
- In the Brazilian gas network business, the company provides affected groups with various channels such as customer service centres or the web channel where they can make their complaints and concerns known. In addition, regular meetings are organised with community leaders and residents to discuss concerns and propose joint solutions.

[S3-3_13] To follow up and monitor the issues raised and addressed, each business uses tools such as databases, regular reports and follow-up meetings, making sure to respond to the requests and needs of the community. Although there is currently no common systematic approach to this follow-up, the company believes that the measures taken ensure that the effectiveness of the channel is guaranteed.

[S3-3_14] In relation to whether the company assesses whether the affected groups know and trust these channels to raise their concerns, the company does not have specific methodologies, however the effective use of the channels and the assignment of dedicated teams and social managers, allows a close follow-up and relationship that leads to the conclusion that the channels are reliable.

Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions (S3-4) [S3.MDR-A_01-12]

The management of impacts, both current and potential, is a priority task within the organisation. Therefore, Naturgy works both to prevent and mitigate those impacts that may negatively affect communities, and to promote those measures that generate positive effects.

[S3-4_05] The Social Relationship Model (SRM) and the collaboration processes with the affected communities explained in the previous sections are the main processes through which the company determines what actions are necessary and appropriate to respond to the negative impacts on the communities. With the results of these processes, the company designs Social Relations Plans (SRP) that include specific actions and measures adapted to each project.

[S3-4_06] The approach followed when adopting measures in relation to negative impacts is based on the principles of action that guide the Social Relationship Model, as explained in the previous section. In addition, in those cases in which the nature of the project makes it necessary to lease land, the company makes financial compensation to the owners.

[S3-4_07] Naturgy has various mechanisms to confirm that the processes for repairing negative impacts are accessible, effective and satisfactory for those affected by means of a people-centred approach. The collaboration channels explained and, especially, the figure of social managers, allow the company to ensure that the solutions and actions proposed to address and, where appropriate, compensate the negative impacts are considered adequate by the affected groups.

[S3-4_08][S3-4_09] Specific plans for managing risks and opportunities are not disclosed because they are not recognised as material.

[S3-4_10] As explained in the previous sections, Naturgy has a series of mechanisms focused on preventing the occurrence of negative impacts on the affected communities within the framework of its operations. These mechanisms are based on the specific commitments determined in the policies defined by the company and are accompanied by due diligence procedures aimed at reducing the likelihood of impacts occurring.

In the field of operations, Naturgy carries out environmental and social impact assessments prior to the development of projects and incorporates listening, dialogue and collaboration activities with the affected groups from the early stages. As a result of these initial activities, the company defines social relations plans that it executes throughout the life of the projects. These plans incorporate actions aimed at preventing the appearance of negative impacts, establish compensatory actions in the event that any impact has materialised, and propose actions aimed at generating positive impacts. These actions are disclosed in more detail in this section.

[MDR-A_06][MDR-A_07][MDR-A_09][MDR-A_10][MDR-A_11][MDR-A_12] In economic terms, these actions require a financial contribution from Naturgy in the form of related capital investments and operating expenses, which are not significant and are aggregated into larger accounting items, as it is very difficult at the accounting level to provide individual details of these items.

[S3-4_12] Naturgy assigns specialised resources for the management of material impacts, ensuring a structured and efficient approach. The company has specific teams to manage relations with affected communities and groups, as well as to manage impacts on the environment and human rights. In addition, as part of the budget for each project, the company allocates specific items aimed at preventing and, where appropriate, mitigating negative impacts and executing the actions of the social relations plans aimed at generating positive impacts.

Actions to manage negative and positive impacts

Social Relations Plan [S3-4_01][S3-4_02][S3-4_03]

[MDR-A_01] [MDR-A_02] As explained throughout in this chapter, Naturgy has a Social Relationship Model based on principles of action that, starting from the identification of the concerns, interests and expectations of the affected groups, leads to the definition of Social Relations Plans aimed at addressing the potential impacts identified in the initial stage of the projects and defines the actions to be developed during all phases of the project, to generate a positive impact that promotes the well-being of the community and the remediation mechanisms to be applied when necessary.

These social relations plans are the basic management tool and as such are recognised and described in the Affected Communities Policy and contribute to achieving the objectives derived from it.

[S3-4_04] Although the company does not have a system for monitoring and evaluating the effectiveness of actions that is uniform and applicable to the different geographies where it operates, it maintains an active presence at the sites and, through social managers or other company representatives, monitors and follows up on the development and effectiveness of the actions implemented.

[MDR-A_03] [MDR-A_05] Below is a description of some of the initiatives that the company has developed during the 2024 financial year within the framework of the different social relations plans defined in the businesses and geographies.

Actions aimed at generating positive impacts and preventing negative impacts on the economic, social and cultural rights of communities.

[MDR-A_04] Naturgy develops action plans in order to prevent accidents that may have an impact on human well-being. As a result of the current negative impacts identified, such as noise pollution and the emission of atmospheric pollutants, the company has taken a preventive approach to avoid future materialisations that affect communities and thus ensure human well-being. It also develops plans and actions to promote positive impacts.

The most representative of this 2024 exercise are highlighted below, by country:

Spain

During 2024, social management actions were carried out in various areas of Spain, specifically in the Canary Islands, Andalusia, Castilla La Mancha, Castilla y León and Galicia. Below is a breakdown and detail of the main lines of action carried out:

- Employability:
  - Signed a letter of convenience to leverage the local employability strategy with three partner companies in wind farms and photovoltaic plants.
- Education:
  - Educational and awareness-raising visits to the facilities with local stakeholders (primary, secondary and vocational schools, universities and local associations) throughout the country.
  - Participation in local promotion conferences, for example, in the Rural Hashtag conference to connect with young talent and challenges of companies located in Tabernas, Almeria.
  - Twelve training scholarships to attend the summer course on renewable energies at the International University of Andalusia in Huelva and 15 scholarships for the course at the University of Almeria.
  - Win win Lab in municipal swimming pools in Almonacid de Zorita and Zorita de los Canes, Guadalajara.
  - Energy efficiency workshop in the museum of Bolarque, Guadalajara, with children from nearby towns.
  - Collaboration with summer courses of the University of Vigo in Muíños Town Council, on environmental issues and heritage conservation.

- Culture and local heritage:
  - Promotion of activities at local cultural festivals, e.g. dubbing workshops at the Festival de Nuevo Talento Cine Andaluz in Casares, Festival de flamenco bellota in El Almendro (Huelva).
  - Participation in the regional environmental awards 2024 with a project on social and environmental sustainability in renewable energies in Castilla La Mancha.
  - Sponsorship of summer cultural activities in San Bartolomé de las Abiertas, Toledo.
  - Collaboration in the ancestral cultural festival "Rapa das bestas de Candaoso" in Viveiro, Lugo.
  - Collaboration with "Arde Lucus", a cultural festival of historical re-enactment in Lugo.
  - Collaboration with the sporting event "21 leagues" as one stage runs through the Novo wind farm, La Coruña.
- Social:
  - Activities to improve the environment: provision of furniture for a municipal study room, rejuvenation of municipal trees in Andújar, Jaén.
  - Provision of furniture (tables, chairs and shelving) for a municipal study room in La Puebla de Cazalla, Seville.
  - Awarding of prizes and scholarships to promote gender equality, to recognise people and companies that strive to achieve it and to provide scholarships to Canarian women without income to study a postgraduate course associated with the Agüimes wind farm, Las Palmas.
  - Revitalisation and support of the local economy around the photovoltaic plants in Zorita I and II, Guadalajara, through dialogue with local businesses to find out about their services and capacities and with the hotel, catering and services sector.
  - Collaboration with the Ribeira Sacra Classical Festival in Galicia, managed by a local cultural association.
  - Public information day to inform neighbours about photovoltaic plants and collaborate in land management, Santa Eufemia del Barco, León.

Chile

An open day was held as part of SOFOFA's Open Companies initiative and involved a visit by around 200 students from technical schools and vocational colleges to the Regasification Satellite Plant (PSR) of Puerto Montt and the Metrogas Laboratory in Las Parcelas. In addition, the "Training Plan for Collaborating Companies" is being developed with the aim of training technicians, administrative staff and teachers from collaborating companies through short-term courses and workshops, with the aim of promoting growth, development and service quality, improving performance and strengthening competitiveness.

Argentina

The "Pueblos Solares" project, developed by Naturgy and Fundación León, promotes the use of solar energy in the Calchaquíes Valleys (Tucumán) by promoting the climate adaptation of 40 homes of small producers through the installation of solar panels and a training programme on their use, maintenance, clean energy and climate change. In addition, thanks to the Asociar Energía programme, which provides 10 canteens in the Yungas area of Salta and Jujuy with a strategy of equipping spaces with ecological biomass cookers, this project generates a positive impact by employability and entrepreneurship.

In the area of employability, programmes have been developed such as "Energía del Sabor", whose objective is to train young people between 18 and 25 years of age, unemployed or in precarious employment situations, to generate genuine and sustainable employment that will allow them to escape from the situation of social vulnerability in which they find themselves. In addition, as of 2022, the company decided to add the entrepreneurship axis to the programme in order to acquire knowledge that will enable them, in the future, to start their own business and carry out trades related to gastronomy.

Also noteworthy is the “Future Graduates Programme” of the León Foundation, which promotes the effective transition from the academic world to the world of work through personalised, systematic and continuous accompaniment throughout the secondary education stage, in order to guarantee access to better and greater educational opportunities that enrich the construction of a life project.

Mexico

The company collaborates with local communities on an ongoing basis, with the following initiatives per facility being of particular note:

- Tuxpan III and IV combined cycle power station: the deployment of the relationship plan with the communities located along the state highway "Carretera de los Kilómetros" from kilometre point cerp to 16,000 continues, developing activities focused on strengthening traditions and community coexistence; support for the needs of the Nakú Kayám house; aid for the rainwater collection system and waste separation; aid to schools for materials and furniture.
- Durango combined cycle power station: collaboration with the Bebeleche Museum for the educational urban garden; collaboration with the Martín Luis Guzmán kindergarten for the rainwater collection system; and contribution to the purchase of an intensive care ambulance.
- Naco Nogales combined cycle power station: the support plan for the communities surrounding this 300 MW power station, located near the city of Agua Prieta (Sonora), has focused on social and educational activities. This year, support has been given to the Agua Prieta firefighters in prevention and first response actions; collaboration for the school canteen pantry; economic promotion for events with economic and tourism development in Agua Prieta.
- Hermosillo combined cycle power plant: donations to the Red Cross and fire brigade; rehabilitation of roads and canals; and support for the Nueva Creación primary school in Colonia La Cholla.

Australia

In 2024, Global Power Generation's (GPG) growth in Australia continued with the start of construction of two solar PV plants (Glenellen NSW and Bundaberg QLD) and the commissioning of three wind farms (Crookwell III, Ryan Corner and Hawkesdale).

Some of the most outstanding initiatives of these plans have been:

- Actions for community benefit with the participation of neighbours: collaborations in community events, such as Donation for Health Services at Ryan's Corner wind farm, Community open Day at various projects, Scholarship Programme at Cunderdin PV plant, Neighbour Benefif Programme at PE Crookwell III.
- Social projects: Leighdale Equestrian Centre and Play Like a Girl Foundation in Berrybank.
- Education promotion projects: Scholarship programme with several universities, Lismore Primary School (Berrybank).
- Project website for the Cunderdin photovoltaic plant.
- Cultural projects: Bigga Halls Cinea Project in Crookwell.

Dominican Republic

The social initiatives highlighted in the Dominican Republic are related to:

- Lighting of the entrance road to the Palamara community and main street, to avoid road accidents due to poor visibility and minimise the risk of vandalism.
- Purchase and installation of 17 drinking fountains and a freezer for the José Francisco Peña Gómez School for the community of Palamara.
- Supply of notebooks for the school and literacy day for children in the communities of Cristo Rey, Villa Juana, Villa Consuelo, Los Alcarrizos and surrounding communities.
- Donation of electronic equipment discarded due to obsolescence to the CENAPEC educational institution.

Costa Rica

Outstanding social initiatives in Costa Rica are related to:

- "Books for all", support for the provision of textbooks for children.
- Contribution for the roofing of the Yama community hall and a project to supply water to plots in the Yama settlement by extending the branch of the Pavones de Turrialba aqueduct.

Actions aimed at reducing negative impacts on indigenous peoples' rights

Considering the prevention measures available to Naturgy, the negative material impacts in relation to the rights of indigenous peoples are of a potential nature. The following are some of the actions carried out during 2024.

In the case of Mexico, various actions have been carried out to reduce possible risks at the Bii-Hioxo wind farm facilities. All the actions carried out in the community of Juchitán de Zaragoza (Oaxaca) are aimed at the Zapotec indigenous community in order to favour and promote the economic and social development of the area. In 2024 they would be:

- Donation of vouchers for social work to 185 landowners where the Bií Hioxo wind farm is located.
- Donation of vouchers for social work to 185 landowners where the Bií Hioxo wind farm is located.
- Donation of vouchers to fishermen's cooperatives in the Seventh Section.
- Rehabilitation of the chapels of Guelabeñe, Chigueze and Guzebenda.
- Summer Course 2024.
- Provision of gifts for homeowners for annual cohabitation.
- Community Development Service.
- Rehabilitation of the Community House.
- Rehabilitation of the sports field in Col. Lorenza and the Santa Martha children's recreational centre.
- Diagnosis of social risks in the area surrounding the park.
- Donations to Civil Protection and fire brigades.
- Reforestation days.

Furthermore, in Brazil, since the start-up in 2017 of the Sobral I photovoltaic plant, located in the municipality of São João do Piauí (Piauí, Brazil), a Quilombola Basic Environmental Project (PBAQ) is being implemented as a mitigation and compensation measure for the impacts that this operation may cause in the Quilombola communities of the Riacho dos Negros and Saco/Curtume territories. For the development of the PBAQ, a close and continuous relationship has been maintained with the community and local authorities in order to identify, design and implement actions aimed at promoting economic and social development in the region.

During 2024, the implementation of the Quilombola Basic Environmental Project (PBAQ) has continued. The project has several lines of action, which include a series of specific actions of which the following have been developed in 2024:

- Beekeeping project, with development of the 2nd stage: 70 families contemplated, 350 hives plus individual beekeeping equipment (Riacho dos Negros).
- Craft workshops project: workshops in cutting and sewing, ceramic handicraft workshops (Riacho dos Negros).
- Provision of equipment for collective use: 4 centrifuges and 4 honey de-operculators (Riacho dos Negros).

Finally, in Chile, the Diaguita Tierra y Mar indigenous community receives the annual funds agreed with the company that owns the wind farm. With these funds, the community begins the process of purchasing inputs to implement its projects, which consist of strengthening the productive capacity of individual projects and collective projects grouped into 13 families.

Productivity will be improved in the development of activities such as:

- Goat husbandry and dairying.
- Harvesting, handling and transport of seaweed.
- Artisan bakery.
- Food truck sales outlets.
- Palletisation and support for livestock farmers.
- Diaguita handicrafts: works in stone, wood, wool and the making of costumes to enhance the traditional activities they carry out in different places, such as field days, the Challa festival, gathering and sighting of animals, collection of medicinal plants.

The purchase of these materials, tools and inputs is expected to minimise product processing and production times, improve the productivity and profitability of family enterprises and provide a traditional quality to the activities they carry out.

[S3-4_11] During 2024, Naturgy has not registered any serious cases regarding the rights of the affected communities in the different geographies in which it operates, nor cases related to indigenous peoples.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S3-5)

[S3-5_01] [S3-5_02] [S3-5_03] The affected collectives or their legitimate representatives have not been directly participated in the setting of objectives, in the monitoring of their results or in the identification of improvements based on the results. Nevertheless, the actions developed by the company and whose economic investment is evaluated in the objective presented below take into account their needs and expectations, as explained in previous sections.

[S3.MDR-T_01-13] [MDR-A_01] Naturgy is strongly committed to the economic and social development of the areas in which it operates. For this reason, it has established the objective of 'Total social investment' within its Sustainability Plan 2021-2025, in order to mitigate the negative impacts and promote the positive impacts that affect the groups involved. The amount of the social investment has been allocated to:

- **Donations:** financial contributions to foundations and non-profit organisations for which the company receives no compensation.
- **Partnerships**: financial contributions to foundations and non-profit organisations for which the company receives some compensation.
- **Sponsorships:** amount allocated to other types of entities, not necessarily non-profit making and for which the company receives some compensation.

The main lines of action are:

- **Education, training and development:** collaboration with entities dedicated to promoting and training young people to improve their future employability.
- **Environment and sustainability:** collaboration with institutions dedicated to the preservation, conservation and rehabilitation of the environment, and also with entities that carry out educational activities on sustainability, energy and the environment.
- **Artistic and musical culture**: in the field of cultural sponsorship, the promotion of music, art and education is of particular importance.

The performance of the objective is presented below:

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Total social investment (million euro)	2021	Not applicable	>8	10	11	Not applicable

[MDR-T_09] This objective groups together the economic contributions in terms of social investment initiatives that the company allocates to different actions aimed at reducing the negative impacts of the activity on the affected groups and indigenous peoples, as described throughout this chapter, as well as those initiatives aimed at generating positive impacts. [MDR-T_12] It should be noted that there have been no changes in criteria or calculation methodology for this indicator in recent years.

[MDR-T_08] It is a metric developed internally and which the company believes allows it to adequately assess the performance of its management in relation to this issue. Due to the nature of the objective, it has not been necessary to use hypotheses or scenarios for its definition, nor have milestones or interim objectives been established.

[MDR-T_11] [S3-5_01] Stakeholders or their legitimate representatives have not been directly involved in setting the objective, although, as explained in the sections of this chapter, the actions that the company decides to implement and that require the allocation of economic resources that follow this objective are based on collaboration with stakeholders and respond to their needs and expectations.

[MDR-T_13] At the end of 2024, and as has been the case in recent years, the target performance is ahead of plan and the company has met its target.

As indicated in the "Purpose and strategy" section of the General disclosures chapter, Naturgy has designed a new Sustainability Plan, within the framework of the 2025-2027 Strategic Plan. Below is the objective that the new Sustainability Plan contemplates in terms of the groups affected:

	Approval year	Base year	Target 2027	Baseline value
Total social investment (million euro)	2025	2022	15	11

4. Consumers and end-users (S4)

Naturgy, as a group integrated along the energy value chain, understands customer experience as a fundamental pillar of its activity. Naturgy is a reference energy company, and to this end accompanies, cares for and advises its customers with the aim of receiving the best service at the lowest possible price.

The information provided in response to this standard takes into account the definition of value chain workers as expressed in Annex II 'Acronyms and glossary of terms' of the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards. . Therefore, customers are "individuals who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale, commercial or trade, business, craft or profession purposes" and end-users are "individuals who ultimately use or are intended to ultimately use a particular product or service".

Throughout the standard, the term "customers" will be used to refer both, consumers and end-users.

In Spain, energy commercialisation and distribution activities are clearly separated. The commercialisation of gas and electricity is liberalised, however, distribution is regulated. This means that the customer is free to choose which supplier provides the energy.

As explained in the Business Model section of the General disclosures chapter, in Spain Naturgy commercialises energy and services through four marketers.

In Latin America, the gas and electricity distributors provide full customer service from supply to billing and customer service.

Interests and views of stakeholders (SBM-2)

For Naturgy, customers are at the centre of all operations. In order to provide the quality service demanded by the company's standards, Naturgy takes the utmost care in the service it offers its customers to ensure that it is agile and efficient and a benchmark in the sector, in addition to complying with legal and profitability requirements. To this end, it is essential to establish an active dialogue to ascertain needs and resolve doubts, claims and complaints in the most satisfactory manner for the customer (for more information on dialogue actions, see the section "Stakeholder interests and opinions" in the General disclosures chapter of this report).

The Sustainability Plan has initiatives and objectives aimed at customers in order to improve their experience. In addition, the Statement of Principles and Policies has considered all stakeholders, including its customers, when establishing commitments.

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

[S4.SBM-3_01] Customers were recognised as a key pillar for the company when conducting the double materiality assessment (see chapter General disclosures, section 4. Impact, risk and opportunity management, of this report).

[S4.SBM-3_02] [S4.SBM-3_03]] In accordance with the nature of its operations, as well as the digital environment in which the market evolves, Naturgy is aware of its capacity to cause positive or negative material impacts on customers it serves or with whom it interacts. The types of customers most affected are highlighted below:

- Customers who may be adversely affected in relation to the right to the protection of their personal data.

- Customers who are particularly vulnerable to health or privacy impacts or to the impact of marketing and sales strategies, such as economically vulnerable people.

Naturgy works actively to ensure that its services are safe and mitigate negative impacts, implementing robust privacy and ethical information management policies. In addition, the company maintains a sensitive approach to these vulnerable groups and for this purpose has actions such as the Energy Vulnerability Plan.
The list of material impacts, risks and opportunities that could, or may, affect customers is:

		Value chain (2)(3)	Business (4)	Time horizon (5)
CONSUMERS AND END-USERS				
Information-related impacts for consumers and/or end-users				
N.I.(1)	Violation in the processing of personal data.	VC	Both	Current
P.I.	Increase data availability and improve security and operational efficiency for the customer experience through the digital transition.	OO	Both	Current
	Guarantee the protection of personal data through a policy based on an appropriate management system.	OO	Both	Current
R	Complaints from customers about contract changes without the user's consent.	Downstream	Both	Short-term
	Infringements related to data protection law.	Downstream	Both	Short-term
Social inclusion of consumers and/or end-users				
PI..	Reducing energy poverty through a energy vulnerability plan to facilitate payment and the development of all the necessary operations to speed up the procedures to prioritise people in vulnerable situations.	Downstream	Gas	Current
O	The development of new and efficient services allows for the generation of new customers (self-consumption, energy efficiency).	Downstream	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

[S4.SBM-3_05] Naturgy carries out different activities aimed at developing positive impacts on customers, among which the following stand out:

- **Measures of Data Protection:** through the Global Personal Data Protection Policy, ensures the proper treatment of data throughout its life cycle: from collection and processing to disposal. With this, Naturgy's marketers and its collaborating companies rigorously comply with the applicable regulations on data protection and with the guidelines and communications issued by the competent body, in Spain the AEPD (Spanish Data Protection Agency).

- **Improvement plan for the Commercial Information Management System (Spain)**: contributes to mitigating commercial fraud through several initiatives, such as the creation of the Information Control Unit, whose mission is to prevent and reduce the risks associated with commercial fraud, the implementation of improvements in commercial systems and the development of the Next Peak project, focused on guaranteeing the adequacy of the databases used by the sales channels, among other measures.
- **Newco Project (Spain):** enables the transformation and digitisation of all processes linked to the customer life cycle with Naturgy; from the first contact, through any of the channels, to the possible cancellation, including commercial acquisition, billing and customer service in the retail segment. This new technological solution has an intuitive and functional design that facilitates navigation and access to information, significantly improving the customer experience, which results in increased customer satisfaction and loyalty, as well as optimising internal processes.
- **Improving the industrial customer experience (new virtual office in Spain)**: project aimed at creating and implementing a specialised area to meet the specific needs of customers in the industrial sector.
- **Energy Vulnerability Plan:** guarantees that customers in vulnerable situations can access a basic and secure energy supply both in Spain and Latin America.
- **Support plan for those affected by the cut-off low in Valencia (Spain)**: an aid scheme has been launched for those affected by the hurricane of 29 October in the Community of Valencia, mainly for all customers who have been left in a situation of vulnerability.

[S4.SBM-3_04]] As part of its strategy, the company works to minimise any negative impact on customers, always prioritising their well-being, satisfaction and trust. Therefore, once cases of violation of personal data protection rights have been identified, whether individual incidents-affecting one or a few customers- or systematic -due to information security breaches or the accumulation of isolated cases that may lead to inspections or the initiation of sanctioning proceedings of a general nature-, measures are taken to mitigate these negative impacts. These measures include the development of a body of regulations aimed at guaranteeing the protection of personal data provided by customers.

In Spain, based on pursuant to Article 32 of the General Data Protection Regulation (GDPR), which addresses security measures and technology, Naturgy adopts the technical measures designed to safeguard the security of personal data and to prevent them from being altered, lost, or being processes or accessed in an unauthorised way to guarantee the confidentiality, integrity and availability of the data.

According to this regulation, personal data shall be collected for specified, explicit and legitimate purposes and shall not be further processed in a way incompatible with those purposes. Naturgy processes the personal data of data subjects in compliance with current data protection legislation, and therefore does not process personal data, whether for primary or secondary purposes, without an adequate basis of lawfulness for each purpose.

[S4.SBM-3_06] Additionally, the material opportunity to development of new and efficient services allows for the generation of new customers is a way to boost the energy commercialisation and services business in the market. This is achieved by offering innovative and sustainable solutions focused on satisfying customer needs through the creation of differentiated value propositions, always prioritising the provision of services with the highest quality of service. An example of this are the solutions that promote self-consumption and savings through products such as "Virtual Battery", "Naturgy Solar", "Naturzero" and Energy Saving Certificates (CAE); all of them in Spain.

The risk of receiving complaints from customers about contract changes without the user's consent (only in Spain) occurs when a contract is entered into without the customer having requested it; while the risk of data protection law infringements can occur through mishandling, storage or misuse of customer data, such as unauthorised access.

[S4.SBM-3_07] During the double materiality assessment, Naturgy has developed an understanding of how certain customer groups may be significantly affected. To do this, firstly, customers have been identified who could present particular casuistry due to various factors, among others: regulatory reasons, economic or disabilities. This has made it possible to determine the particularities of each group, the risks to which they may be exposed and the necessary measures to be implemented to ensure adequate care and protection.

In parallel, Naturgy identifies and manages the most vulnerable groups through the following procedures:

- The communication channels available with the social services of the town councils and third sector entities, enabled as a result of the Vulnerability Plan, make it easier for Naturgy to identify vulnerable customers, which means that these customers can be protected from supply cuts and their supply is ensured in their usual home.
- The contracting of marketing services to collaborating companies makes it possible to identify users with specific casuistics. As part of the commercial collaboration contract, an annex of good commercial practices is included, including some points related to people under 18 years of age, special attention to people who cannot understand the scope of the information provided to them (especially the elderly) and people in vulnerable situations (for example, social vouchers in Spain).
- In addition, in the contracting and service processes, essential electricity customers are identified and registered, and the supply cut-off process is blocked and their immediate replacement is activated if necessary.

[S4.SBM-3_08] In relation to the material risks and opportunities arising from impacts on vulnerable consumers, the company considers that the development of new services that promote energy efficiency, such as self-consumption products, represents a particularly relevant opportunity for these consumers, as it contributes to reducing their energy consumption and therefore their energy expenditure. In the case of the material risk identified, it is not considered that this risk could be aggravated in the case of vulnerable consumers.

Policies related to consumers and end-users (S4-1)

[S4.MDR-P_01-06][S4-1_01] Naturgy establishes its principles and commitments in relation to customers in the Declaration of Principles and Policies, in the Global Sustainability Policy and in the global Personal Data Protection Policy. Specifically, the company establishes commitments and lines of action relating to impacts related to information for customers and their social inclusion.

The Declaration of Principles and Policies establishes the basic lines of action that guide the company in the definition of products and services for customers. In this way, Naturgy is committed to:

- [S4-1_04] Promote an active and bidirectional communication that allows understanding customers' expectations and opinions and adapting Naturgy's responses to their needs, reinventing the relationship with the customer.
- Facilitating customer relations through simple, efficient, omnichannel operations and boosting digitalisation.
- To provide innovative products and services that promote energy efficiency and contribute to the sustainability of society, accelerating the digital transformation.
- Provide a differential value proposition to the customer through products and services that are adapted to each segment and their needs.
- Apply technological innovation and best available techniques as a means to maintain an efficient, safe and sustainable supply.

[MDR-P_01] [S4-1_03] The Global Sustainability Policy defines the basic principles of action in terms of respect for human rights that Naturgy assumes and, specifically, establishes specific commitments in relation to customers. Thus, the company undertakes to:

- Offer their services while minimising the risk to customers.
- Provide accurate and complete information about them.
- Take measures to protect the right to privacy of personal data of all individuals who interact with the company.

[S4-1_05] In addition, this same policy establishes the principles for action in the event that the company finds that negative impacts on human rights have materialised. Specifically, it establishes that it will develop the necessary measures to ensure adequate remediation of the adverse impacts derived directly from its operations and will exert its influence to promote the application of similar effective remediation measures among its business partners.

[MDR-P_02][MDR-P_03][MDR-P_05][MDR-P_06] As indicated in the Corporate policies section of the General disclosures chapter, the approval of the Global Sustainability Policy corresponds to the Board of Directors and its application to the Management Committee. This section also details the scope of the policy and explains how the principles and commitments have been defined in order to incorporate the interests and concerns of stakeholders, as well as the mechanisms and channels established to make them available to them.

[MDR-P_04][S4-1_02][S4-1_06] Furthermore, human rights commitments included in the Global Sustainability Policy, in accordance with the principles, standards and initiatives of third parties, are indicated in the section "Policies related to own workforce".

[MDR-P_01] [MDR-P_05] With regard to the Global Personal Data Protection Policy, it defines the general principles governing the processing of personal data in the company. In addition, it sets out Naturgy's main commitments regarding the protection of personal data, which are as follows:

- Comply with the legal provisions in force regarding the protection of personal data.
- Promote knowledge of and respect for the applicable regulations on data protection by carrying out the appropriate communication and information actions.
- Establish general guidelines (organisational, legal, technical, operational and control) in order to safeguard the data protection rights of data subjects.
- Respect the ownership of personal data.
- Inform the data subject in a transparent manner in all matters relating to the processing of his or her personal data.
- To make it easier for data subjects to exercise their data protection rights.
- Ensure the existence and enforcement of a disciplinary system that sanctions conduct contrary to the applicable regulations.
- Enable appropriate communication channels through which Naturgy employees and Stakeholders may exercise their rights, make their queries and, where appropriate, report possible breaches of data protection, ensuring confidentiality and absence of reprisals for the communicating party.
- Respond to requests from data subjects to exercise their data protection rights within the legally established deadlines.
- Adopt in each of the jurisdictions in which Naturgy has a presence, by means of the approval of the corresponding internal regulations implementing this Policy, such other additional practices and commitments as may be necessary to ensure that any processing is in accordance with the applicable local regulations.

[MDR-P_02] The scope of this policy includes all investee companies or entities over which the group has effective control or responsibility for their operation and/or management. In those investee companies and entities over which it does not have effective control, Naturgy shall promote the implementation of compliance systems consistent with the principles, values and commitments described in this policy. [MDR-P_03] Likewise, the Ethics and Compliance Committee is the highest level of the company's organisation responsible for the application of the policy.

[S4-1_07] During 2024, no downstream cases of non-compliance with international human rights frameworks involving customers have been reported.

Processes for engaging with consumers and end-users about impacts (S4-2)

[S4-2_01] It is essential to establish an active dialogue to identify needs and satisfactorily resolve customer queries, claims and complaints. this regard, the company has various sources for gathering information, including: customer satisfaction surveys and reasons for cancellations, meetings with official bodies and product tests, among others.

The information obtained is taken into account to define actions, whether preventive or corrective, applicable in areas such as the design of products and systems, the provision of services or user service. In Naturgy, two different methodologies are established based on the type of consumer input:

- **Corrective methodology:** when faced with specific customer problems, these are resolved on an individual basis, including complaints, poor ratings in surveys, customer complaints, etc., which are managed according to the processes and procedures established for each of them.

  For example, in the context of managing dissatisfied customers identified through a survey, a detailed analysis and direct management is carried out with these customers. This process is activated when an alert is generated in the system, and they are contacted personally to attend to and resolve their particular case.
- **Preventive methodology:** in the case of global opinions that affect groups of customers, information is collected and the situation raised is analysed, which may be of a very different nature, in order to identify and assess the measures to be implemented to eliminate and/or mitigate the casuistry. Customer feedback is also taken into account in product and service design testing, in churn surveys and in the design of customer services.

Another example would be the consideration of customer feedback from service delivery surveys. These ratings are used to identify opportunities for improvement both in the systems and in the service offered through the different communication channels.

Engagement processes

[S4-2_02] Naturgy has various processes of constant dialogue with customers in the geographies where the company is present, and also with their representatives, aimed at managing the impacts that may arise in the different stages of the customer's life cycle. Each of the initiatives carried out has a specific scope (consultation or information), frequency and a different person in charge. The most significant examples are detailed below:

Dialogue with customer

- **Media communication campaigns:** Naturgy carries out permanent communication campaigns aimed at both customers and society in general. These campaigns, of an informative nature, cover various modalities, such as institutional, commercial or social, and are disseminated through a wide variety of channels and media, both at the global company level and at the particular level of a business or country. Responsibility for the execution of these actions varies depending on the scope, being driven the marketing units of the businesses and corporation.
- **Customer surveys or market research:** Naturgy conduct different dialogue actions directly with customers depending on the objective and need. Customer satisfaction and service quality surveys, carried out through various media such as telephone, are a fundamental tool to ensure continuous feedback. They help to identify critical points in the processes and guide the search for improvements. In addition, the results obtained, complemented with the analysis of the cases dealt with in the different customer service channels, facilitate the evaluation of the impact and effectiveness of the improvements implemented in the customer experience.

  Thus, for example, in Spain, daily surveys are conducted both with customers who have made contact with Naturgy on a consultative basis and with those who have decided to terminate their contract with the company. These surveys are the responsibility of the Quality unit. Additionally, without a defined frequency and depending on the need, the Marketing unit conducts studies with customers for product design.

At the international level, the Customer Service Directorate in both Chile and Argentina is responsible for ensuring that this company-customer interaction takes place, while in Mexico and Panama it is the Commercial Strategy Directorate.

Dialogue with representatives

- **With the social services of local councils and representatives of the third sector**: It should be noted that Naturgy participates in various forums and working groups in Spain aimed at alleviating the problem of energy vulnerability. In addition, in Spain, meetings are held periodically from the Vulnerability unit of the Commercialisation business with those responsible for the social services of the municipalities in which the company has a higher percentage of vulnerable customers. At these meetings, the needs of these entities are actively listened to and action plans are defined. Finally, the company participates in the public consultations that the Ministry for Ecological Transition and various regional governments carry out to approve measures.

  In Chile, meetings are held with administrators and community representatives, together with the commercial manager and the collaborating company, promoting collaboration aimed at addressing issues of community impact and strengthening interaction with stakeholders.
- **With consumer and arbitration bodies (Spain)**: permanent contact is maintained and regular meetings are held with the Directorates-General for Consumer Affairs or equivalent bodies in the Autonomous Communities, as well as with the Municipal Consumer Information Offices in the main cities of Spain, and with the main consumer organisations of greatest relevance.

  Fluid communication makes it possible to exchange the main news and concerns that arise on a day-to-day basis, with the aim of providing a swift response to customers' needs, avoiding as far as possible complaints that could go to second instance and potentially lead to the opening of disciplinary proceedings. The actions carried out are not only for consultation or information, but also for dissemination and training, always being at the disposal of the different entities, in order to carry out informative or training actions, whenever requested, or when an ad-hoc action is deemed necessary.

  The Customer Service Guarantee Office receives and resolves files from local councils' consumer bodies on a daily basis, and communication channels are made available to them so that they can pass on their concerns and queries regarding customer complaints, enabling a dialogue with consumer agents.
- **With regulatory bodies**: there is a permanent dialogue, although with no specific established frequency, in different areas of the administration and whose scope can be of a diverse nature, consultative, informative, etc. in relation to the activities that may affect customers.

[S4-2_05] The effectiveness of the collaboration processes is measured through the satisfaction of Naturgy's customers. Measuring satisfaction allows us to gather their opinions in order to evaluate quality standards, identify opportunities for improvement and detect needs and expectations. This measurement is carried out through two methodologies, which are applied in the different businesses and countries according to specific needs:

- **Contact point or transactional model:** the objective is to know the perception of Naturgy's customer in the interactions (contact points) of the main processes of its activity. This voice of the customer survey is sent to Naturgy customers who participate in some process (customer service, sales, shop, web) and allows monitoring the main quantitative and qualitative indicators of the customer experience. Together with the analysis of the texts of communications with customers, surveys with low ratings are analysed and reprocessed.
- **Positioning or relational model:** the objective is to know the assessment of Naturgy's customers and the competition, providing an overall assessment of the positioning or perception of the market. The satisfaction survey is aimed at customers and non-customers, whether or not they have had recent contact with the company, which allows the results to be contextualised by incorporating the vision of the competition, and is based on quarterly tracking with weekly distribution of surveys for the retail segment and half-yearly survey for the industrial segment.

The different studies and surveys conducted lead to the identification of two main indicators: the NPS (Net Promoter Score) index, which measures the degree of recommendation that customers would be willing to make about Naturgy, and the Satisfaction Index, which assesses the overall satisfaction of customers with the company.

Complementarily, additional indicators are used to assess the effectiveness of the partnership.. For example, in Panama, specific metrics are used focused on the resolution of complaints and claims, while in Mexico, an algorithm is used to analyse the frequency of words, phrases and mentions related to the brand, which allows the identification and evaluation of customer sentiment on social networks.

Engagement with vulnerable groups

[S4-2_06] Naturgy takes into account the opinion of vulnerable customers for the management of impacts, either directly with them or through the public administrations that represent them. Their collaboration is an important aspect in defining and developing the actions to be implemented.

The following are examples of how their opinion has been taken into account in Spain:

- Campaigns to vulnerable customers to offer them debt relief.
- Campaigns to vulnerable customers to encourage them to apply for the bono social so that they can receive a discount on their bill.
- New channels for applying for the bono social, in order to facilitate access to the discount.

The customer area plays a key role in identifying this group in order to reinforce the customer service channels for vulnerable customers and promote collaboration with the social entities that support them.

In addition, Naturgy has another specific service for third sector entities. Through this channel, NGOs and social entities can also streamline procedures and carry out formalities, as well as receive advice on their users' contracts.

This channel allows for a quick identification of vulnerable households. Social services contact the retailer and the company proceeds to protect these customers. Furthermore, in addition to the identification, they can quickly carry out various procedures to optimise the contracts of these customers, such as making transfers to the regulated supplier, power adjustments, processing the social bonus or debt instalments with more advantageous conditions than for other consumers. In addition, the identification of a vulnerable customer means that debt follow-up actions are paralysed and more continuous monitoring is carried out.

At the international level, it is the public administrations that identify which customers are vulnerable according to previously established criteria such as income or area of residence and communicate the register of beneficiaries to the distribution companies.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns (S4-3)

[S4-3_01] For Naturgy, ensuring privacy and data protection is a relevant issue. Therefore, it complies with the provisions of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 n the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as well as with all regulations related to this matter in Spanish legislation.

In addition, the company has defined a Global Personal Data Protection Policy, which ensures the proper treatment of data throughout its life cycle (from its collection and processing to its removal) and avoids any negative impact due to a breach in the processing of personal data.

On the other hand, procedures have been established for updating and correcting when new vulnerabilities are identified in the systems, in order to encourage better proactive practice in the prevention of security incidents and in the analysis and management of information security risks. In addition, if group companies identify a breach of a customer's data protection rights, their first action is to immediately correct and reverse the situation that is causing the breach.

An example of this type, in Spain, could occur when a customer's right of objection is not respected and commercial communications are sent without their consent. In this case, Naturgy takes the necessary measures to ensure that such communications cease immediately and that the customer's opposition is duly recorded in the systems. If the management is being carried out by an external company, Naturgy issues the relevant instructions to ensure compliance with this right.

The detection of a breach of data subjects' rights can occur in several ways:

- The interested party itself notifies Naturgy.
- An agency informs Naturgy.
- In the course of an ex officio action Naturgy discovers it.

Remediation action

There are procedures for updating and correcting new vulnerabilities in systems, in order to encourage proactive best practice in the prevention of security incidents and in the analysis and management of information security risks.

Once the violation has been detected, Naturgy proceeds to remedy the situation giving rise to the violation and, if required, notifies the data subject and/or the Spanish Data Protection Agency (AEPD), in the case of Spain, if required. The remediation process depends on the violated right, the number of data subjects, etc.

For example, in the event that the security of personal data is compromised due to a cyber-attack directed at the Client Area, Naturgy can proactively reset passwords and request those affected to create new access credentials, thus guaranteeing the protection and security of the information.

However, if an employee has mistakenly shared a customer's personal data with an unauthorised third party, the remedy may be to warn the employee of his or her mistake, remind him or her of data protection obligations and best practices, and, finally, notify the Spanish Data Protection Agency and the data subject, if necessary.

In Argentina, access to customer data is through the commercial management system that resides on Naturgy's own servers, accessible only from the company's internal network. People with access to the commercial management system do so by identifying themselves by means of users and passwords and are associated with a profile that includes the transactions they need to perform their work with the strategy of the minimum necessary privilege. User registrations, cancellations and modifications are reported by the heads of the business areas to Information Security for implementation. For commercial service calls, the collaborating companies (callcenters) use the Salesforce platform with access to specific modules (invoicing and debt management) and with read mode permission to deal with queries and complaints.

Customer service in Spain

Naturgy offers its current and potential customers a convenient customer service model, with agile and digital solutions, offering solutions adapted to each typology and seeking to maximise self-service.

[S4-3_02] Therefore, in Spain the customer service model is offered by telephone, email and post, as well as digitally via the web, social networks (X, Facebook, Instagram), Pepe (web Chatbot), Customer Area and WhatsApp, based on proximity, simplicity and multi-channeling, as well as service in different languages. Naturgy also offers customers its 130 shops throughout the country. In addition, for the industrial customer segment, it provides users with personalised account managers for their attention, as well as web tools, mail, call centre, etc.

In all channels, the customer experience is intended to be homogeneous. In addition, these contact channels are reported on invoices, contracts and on the website.

[S4-3_03] Naturgy, in order to guarantee the availability of customer service channels, develops several processes, which are described below:

- **Channels Managed by Third Parties:** the company guarantees the availability of the channels managed by third parties through the commercial contracts and Service Level Agreements (SLA) that they establish:
  - Minimum levels of trained staff to ensure care.
  - Specific response and resolution time commitments.
  - Penalties in case of contractual breaches.

  Performance is monitored with defined indicators, regular reporting and joint reviews with providers, and mechanisms are put in place through queue management, call routing and overflow between service platforms to ensure that the service is always available.

  In addition, the channels have contingency protocols to respond to any incident in real time and avoid interruptions due to technical failures or other unavailability unrelated to the service. Likewise, a dedicated technical and operational support team is available to respond to possible incidents.
- **Own channels: (Web and Client Area)**
  - Cloud infrastructure: the Client Area operates on a cloud platform that ensures availability of more than 99.9%, backed by systems with redundancy and scalability. This allows for continuous operation even at peak demand.
  - Business Continuity Plan (BCP): the company has a BCP designed to minimise the impact of possible system outages. This plan includes clear protocols for restoring operations in the shortest possible time, ensuring that services are available to customers in any scenario.
  - Real-time monitoring: use of advanced real-time monitoring tools that monitor system performance and detect potential failures before they affect operations. These tools issue automatic alerts, allowing proactive action to prevent disruptions.

To provide continuous support to these channels, in the event of any incident, the company has a specialised technical team that is available 24 hours a day, 7 days a week, to resolve problems quickly and efficiently. This team operates under defined Service Level Agreements (SLAs), which guarantee response and resolution times in line with customer expectations.

[S4-3_04] In addition, Naturgy has a Quality Management System certified by TÜV Rheinland under the ISO 9001 standard, which guarantees that the processes comply with standards of recognised prestige, particularly in the commercialisation of services. It also has various tools and methodologies that support the quality assurance system in the processes, ensuring the proper provision of services to customers, such as:

- **IT systems:** they support the processes and activities carried out and promote the homogeneity of actions, mitigate errors, favour traceability and control of the provision of services.
- **Data-driven analytics and technology:** use of advanced artificial intelligence (AI) models and advanced analytics tools to monitor and evaluate interactions between customers and agents. These technologies enable the identification of satisfaction patterns, main causes of complaints and recurring concerns.
- **Documented information (procedures):** associated with the processes and operating manuals of the different operations to be carried out, which enable the management of knowledge and homogeneity of the service, available on different platforms depending on the process or activity to be developed.
- **Training**: enables the development of the different processes or activities both for our own personnel and for collaborating companies, promoting the transfer of knowledge and the homogeneity of operations.
- **Process quality indicators**: the degree of compliance with the established parameters is evaluated and, if necessary, allows preventive or corrective actions to be taken. Quality monitoring sessions are held with the channels to guarantee these indicators.

- **Quality controls**: for different processes or activities carried out, such as mystery shopper, listening to customer service and sales recordings, service quality inspections, etc.

[S4-3_05] Naturgy assesses whether customers know and trust the aforementioned channels, through the surveys carried out with the Touch Point or Transactional Model. This model allows measuring the satisfaction of customers who have had an interaction with the company and is described in the section "Dialogue with customer" of this chapter.

[S4-3_06] The processing of the information collected that the company does through these surveys is always used in an aggregate manner in accordance with the Global Personal Data Protection Policy and, only in the event that a customer shows dissatisfaction, the company contacts the customer to rectify and repair the situation that caused the customer's dissatisfaction. In any case, the company does not use these channels to exercise any kind of retaliation with its customers.

Customer service in Latin America

In the Latin American area, gas and electricity distributors provide full customer service from supply to billing and customer care. Customer service in the field of electricity and gas networks business in Latin America is focused on taking advantage of the technological benefits of digitalisation to automate, streamline and simplify processes and offer customers an increasingly autonomous and multi-channel service experience.

[S4-3_02] Customer service is offered through different channels, adapted to each region, where customers can express their concerns or needs directly to the company, which responds to them. In Panama, Chile, Mexico, Brazil and Argentina, there are face-to-face customer service centres, call centres and virtual channels (e-mail, virtual office, website, mobile app) based on proximity, simplicity and multi-channeling.

In Panama, in 2024, the mobile office was implemented, with the aim of reaching 11 head municipalities located in remote and difficult-to-access areas, to serve more than 5,000 customers.

In Chile, the gas distributor's customer service management is outsourced through the commercial and emergency call centre and in the commercial offices. This also includes the technological platform for video calls and the Online Help Centre.

Additionally, in Argentina, it is worth highlighting the availability of an interactive voice service platform (IVR) and the Cognitive Contact Center (CCC) tool, based on artificial intelligence, which allows customers to interact with a virtual assistant that provides clear, useful and concrete answers, available 24 hours a day, 7 days a week.

[S4-3_03] [S4-3_04] Both, the processes for ensuring the availability of Naturgy's channels and the methods for monitoring, controlling the issues raised and ensuring their effectiveness, differ from country to country. These procedures by country are:

- **Panama:** processes are managed through the integrated system on the Softexpert platform, where current regulations are published. The customer service unit is responsible for the customer service channels, which are managed by third parties. It also monitors their availability through agreements based on service level indicators, in accordance with current regulations. These indicators are reported on a monthly basis.

  Continuous listening is carried out in search of preventive actions to improve the customer experience. Weekly committees are held to identify reasons for dissatisfaction, establishing corrective and preventive actions to minimise the negative impact of customer dissatisfaction. To this end, repeated customer requests are analysed to find the root cause of the problem and to improve the efficiency of the processes in to respond from the first contact.
- **Chile:** the availability of all customer service channels is required, supervised and guaranteed, in accordance with the criteria established in Gas Network Service Regulations, Decree No. 67. In addition, availability and compliance is through service and attention levels, adjusting to a response time that guarantees the efficiency of the channel and its continuity.

Calls are automatically recorded and stored for monthly quality audits through random samples defined by quality guidelines. Additional audits are also performed when errors or omissions are detected in the service and a SAP CRM module records Completion of Contact (FDC), detailing the reason for the enquiry, the date and the person responsible for the service.

- **Mexico:** virtual channels, as well as telephone and messaging channels, are available around the clock. As for the face-to-face service centres, they are available during the established service hours.

  The follow-up of the issues raised is managed through a comprehensive platform that allows for a back-up of all incoming and outgoing calls with customers, and through manual call calibrations and evaluations, process improvements are made as a result of listening to customers and interactions with agents.

- **Brazil**: all customer service channels in Brazil (telephone, face-to-face and digital) are ready for customers to express their concerns or needs.

  In addition, there is a back-office specialised in managing complaints and claims, responsible for contacting customers, monitoring deadlines and providing personalised responses. It also analyses recurring issues to improve customer service processes and team training.

- **Argentina:** the regulator requires the availability of face-to-face and telephone channels. The Customer Services Department has internal procedures that allow it to know the status of the channels and ensure their availability through alerts.

  The performance of each channel is periodically analysed by means of dashboards, where opportunities for improvement are detected. Furthermore, once implemented, their evolution and acceptance is measured. In addition, a self-management system for queries, actions and complaints has been implemented, which customers value positively. As a result, more than 80% of contacts with customers are resolved through self-management.

[S4-3_05] In Argentina, Chile, Brazil and Panama, the level of customer confidence with the channels is assessed through satisfaction surveys related to their experience in the complaints process. In Mexico, key performance indicators such as first contact resolution, number of cases escalated to resolution areas, frequency of recurring customer requests, number of unique customers and resolution time are analysed. These indicators provide direct information on users' perception of the quality of service received and their confidence in the channels available.

[S4-3_06] In compliance with the Global Personal Data Protection Policy, in Latin America, the data of whistleblowers are also safeguarded with strict confidentiality. In the case of Naturgy's collaborating companies, in the specific contracting conditions, a confidentiality agreement is signed, which is strictly complied with. This guarantees that under no circumstances may reprisals be taken against the customer.

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions (S4-4)

[S4-4_05] Naturgy has structured processes that result in actions aimed at identifying, preventing and, if necessary, responding to actual or potential negative impacts that may affect customers. These processes include the design and execution of operations from the sales and commercialization process, through the provision of the service and customer service throughout the customer's life cycle with the company. [S4-4_06] The ultimate goal is to take a comprehensive, preventive and reactive approach to managing material negative impacts arising from inadequate management of customers' personal information.

[S4-4_07] Naturgy has specific procedures for correcting and remedying breaches of rights related to the protection of personal data, designed individually according to the type of breach, without there being a common standard procedure for all of them. Additionally, the control mechanisms for such repairs are also adapted in a particular way to each type of violation.

[S4-4_10] The company also works to ensure that business practices and data use do not have a negative impact on consumers through an ethical and transparent approach. In marketing activities, the company ensures that customers are informed and give their explicit consent to the use of their personal data, in compliance with current data protection regulations. In the event of a breach of the processing of personal information, the company carefully assesses the potential impact on end users, always seeking alternatives to minimise any harm. In addition, it has implemented various measures to manage these impacts, which are described below.

[S4-4_11] It should be noted that the company maintains a firm commitment to respect and protect human rights in all activities, including customer relations. At present, no problems or serious cases have been identified or received regarding human rights related to Naturgy's customers.

[S4-4_12] Naturgy has specialised teams that ensure regulatory compliance and define and implement actions aimed at preventing and, if necessary, mitigating negative impacts on customers, relying on technological and financial resources to manage material impacts on operations and take advantage of opportunities arising from sustainability aspects.

[S4-4_04] Finally, the company carries out monitoring and evaluation of the effectiveness of the actions and initiatives that it sets up by establishing objectives on key metrics, such as the Net Promoter Score (NPS), the customer satisfaction index and the volume of complaints received. It also analyses customer feedback, conducts regular surveys and monitors response times and quality in customer service channels. Internal reviews and sector benchmarking are also carried out to ensure continuous improvement and alignment with best practices in the market. These mechanisms make it possible to adjust the actions developed and guarantee an optimal customer experience.

[MDR-A_06][MDR-A_07][MDR-A_09][MDR-A_10][MDR-A_11][MDR-A_12] In economic terms, the actions disclosed below require a financial contribution from Naturgy in the form of capital investments and associated operating expenses is not significant, and is consolidated in larger economic items, since at accounting level it is very difficult to provide individualised details of these items.

Below is a description of the actions that Naturgy has developed in 2024 to address both negative impacts and promote positive ones, as well as to mitigate risks and take advantage of material opportunities. The actions are focused on managing the impacts derived from the treatment of customer information and promoting the social inclusion of customers.

Actions to manage negative and positive impacts

[S4.MDR-A_01-12] In Naturgy, the commitment to excellence in customer service is reflected in concrete and proactive actions. For this reason, the company works continuously to prevent, mitigate and repair any significant negative impact, implementing measures adapted to their particular circumstances.

[S4-4_01] The negative impacts identified are current, not potential. Therefore, it has been provided the necessary corrective actions to provide or contribute to the remediation of the current impact related to the breach in the treatment of personal information.

In addition, the company works to generate positive impacts through the increase in the availability of data, improvement, security and operational efficiency for the customer experience, due to the promotion of digital transformation, by means of initiatives such as the Newco project and the new virtual office in Spain. Moreover, it is guaranteed the protection of personal data through a Global Personal Data Protection Policy or it is carried out actions that promote social inclusion, to contribute to the fight against energy poverty through an Energy Vulnerability Plan.

Measures of Data Protection [S4-4_03]

Defining a Global Personal Data Protection Policy and guidelines not only ensures the protection of personal data through an adequate management system, but also reduces the risk of data breaches.

This policy applies to all organisational units and companies of the company that collect or process personal data, as well as to partners and suppliers that collaborate in such processing.

In addition, Naturgy performs all necessary actions to comply with the legislation on data protection when it is responsible for the processing of data, among which include, but are not limited to, the following:

- It processes personal data in a lawful, fair and transparent manner.
- It collects data for specified, explicit and legitimate purposes.
- It minimises the data subject processing.
- It updates the data, providing data subjects with simple systems for this update.
- It limits the data storage periods.
- It applies appropriate technical and organisational measures to guarantee the security, integrity and confidentiality of the data.
- It obtains the consent of the data subject for processing whenever necessary. › It introduces simple and adequate mechanisms so that the data subject, directly or through their legal or voluntary representation, can exercise their rights pursuant to prevailing legislation.
- It chooses processors that offer sufficient guarantees to implement appropriate technical and organisational measures to ensure that the data processing is carried out in compliance with the requirements of the relevant legislation. It also enters into contracts with such data processors under which the data processor will only process the data in accordance with the instructions of the data controller, and will not apply or use the data for purposes other than those stated in the contract, nor disclose them, even for storage purposes, to third parties.
- It keeps a record of data-processing activity.
- It carries out the impact assessments it deems appropriate.
- It has a collegiate body that acts as Data Protection Officer.
- It performs audits to guarantee compliance with data protection regulations.
- It includes specific guidelines for action in the field of information and knowledge processing in the Code of Ethics. In this regard, all Naturgy employees and suppliers must comply with the legislation in force in each of the countries in the field of data protection, respecting the right to privacy and protecting the personal data entrusted by its customers, employees, suppliers and external collaborators or other persons. Failure to comply with the Code of Ethics may result in the application of appropriate sanctions.
- It clauses the contract with the sales channels and the best practice guide.
- It ensures the authentication of authorised users on the systems through systems and procedures .
- It confirms the traceability of the contract by the customer: a series of communications are sent by e-mail or SMS including, inter alia, access to the contract signing and downloading portal, acceptance of the use of personal data, notification of activation or non-activation of the contract in case of refusal, and assistance in reprocessing.
- It controls the quality of sales with verification calls to customers.
- It terminates contracts with suppliers who manage sales channels.

In 2024, Naturgy has received 74 requests for information from the Spanish Data Protection Agency (110 requests in 2023), which have been duly dealt with and, at the date of preparation of this report, none of them has resulted in a sanction.

Improvement plan for the Commercial Information Management System. Spain

[MDR-A_01] [MDR-A_02] [MDR-A_03] The improvement of the Commercial Information Protection Management System in Spain has the short-term objective of mitigating commercial fraud and complaints from residential customers for misuse of personal information, within the framework of the Global Personal Data Protection Policy. To this end, a record is kept of all complaints filed by customers with the CNMC, AEPD and other official bodies for changing supplier without consent, in addition to the record of those addressed directly by customers to Naturgy. Subsequently, the processes that have given rise to these contracts are analysed and proposals are made to improve the processes that may have weak points in terms of data protection.

[MDR-A_04] Initially, online contracting procedures have been reviewed and security measures have been implemented, including the design of web forms, penalties against the companies responsible for these contracts in the event that a lack of consent or deception is detected, among others.

Work is currently underway on more than thirty improvement actions in the areas of processes, technology and organisation, including the definition and implementation of a risk matrix for commercial agents. Its implementation is expected to be completed during the first four months of 2025, with the objective of finalising the plan through the development of three analytical models adapted according to the type of channel: sales, customer service and shops.

[MDR-A_05] In 2024, important new developments have been developed that mark a significant advance in processes and services:

- Establishment of the Commercial Information Control Unit, whose responsibilities include the governance of commercial fraud, with the aim of guaranteeing the quality of sales and preventing fraud.
- Implementation of numerous improvements in the recruitment process (compulsory voice-overs in all cases, blocking the contracting of dubious telephone numbers/emails, meetings with collaborating companies, etc.), and progress in the implementation of "The Next Peak" as a lead provider for collaborating companies that allows the filtering of databases.
- Implementation of daily alerts for the detection of anomalous behaviour which are communicated to sales managers, as well as a process for blocking users with communication through GECO.
- Establishing relationships with Cybersecurity to restrict mass access to personal data by blocking bots.

Newco Project. Spain [S4-4_03]

[MDR-A_01][MDR-A_02][MDR-A_03] This project seeks to transform the operating model of the marketer to achieve excellence in customer service, particularly in the residential segment, in the short term. The main objective of NewCo is to position Naturgy as a leading marketer in Europe in customer service. It also seeks to consolidate a leading position in the sector, taking advantage of new opportunities and technological developments.

The project is structured around three fundamental areas of action: systems, processes and culture. In the case of systems, new technological tools have been implemented, including a CRM system, an invoicing system, and a customer service and sales front-end. In the area of processes, the simplification of aspects such as price plans or the product portfolio. Finally, in terms of culture, continuous improvement is promoted, based on agility for optimisation and data-based decision-making.

The work plan is structured in three phases, these being:

- **Design and implementation:** operational diagnosis, implementation of critical systems, roll-out to first customers.
- **Portability:** mass transfer of customers and scaling of systems to the entire customer base.
- **Operational stabilisation and optimisation:** prioritisation of resources, monitoring and improvement of customer service.

[MDR-A_05] As a result, the new technological solution has been implemented for all after-sales processes and the transfer of more than 5 million gas, electricity and service contracts to the new platform.

Improving the industrial customer experience (new virtual office). Spain [S4-4_03]

[MDR-A_01][MDR-A_02][MDR-A_03] The short-term project consists of the design and implementation of a new area designed to meet the specific needs of industrial customers. This development has been carried out with an integrated approach, considering the perspectives and needs of all the agents involved, including customers, operations, sales force and systems.

The main objectives of the action are:

- **Improving the customer experience**: creating a platform that facilitates interaction and service management for industrial customers, improving their satisfaction and loyalty.
- **Optimisation of operations**: integrating efficient operational processes that allow for a more agile and effective management of customer requests and needs.
- **Sales force support**: providing tools and resources that enable the sales force to offer a more personalised and effective service.
- **Innovation in systems**: implementing advanced technological solutions to support the operation and management of the new customer area.

[S4-4_04] In order to monitor the development project of the new industrial customer area, it has been essential to implement a structured process that includes the definition of clear objectives. In addition, it has been essential to create a detailed schedule, allocate adequate resources and hold regular meetings to review progress, identify and mitigate risks, as well as maintain open and transparent communication with all stakeholders to collect and act on the feedback received.

During the development of the new industrial office project, several key meetings have been held to ensure its success. Project committees have met fortnightly to review overall progress, make strategic decisions and approve major changes. Weekly working meetings have allowed the operational and development teams to coordinate, resolve issues and adjust tasks as needed. Business meetings, held fortnightly, have been crucial in aligning the expectations and needs of the business team with the project objectives. In addition, user testing has been conducted where direct feedback from industrial customers has been gathered to make continuous improvements to the platform. These tests have been fundamental to ensure that the final solution meets the real expectations and needs of the users.

On the whole, these meetings and tests have ensured effective communication, adequate risk management and successful project implementation.

[MDR-A_05] As a result, an increase in customer satisfaction has been identified, resulting from a more personalised and efficient customer service, as well as an increase in operational efficiency. During 2024, the implementation of a modern and attractive customer area has contributed to improving the company's image by facilitating access to information for this customer segment. This initiative reflects a strong commitment to innovation and quality, which can not only attract new customers, but also strengthen relationships with existing ones.

Energy Vulnerability Plan [S4-4_03]

Energy vulnerability in Spain

[MDR-A_01][MDR-A_02][MDR-A_03] The Energy Vulnerability Plan of Naturgy is a strategy designed to support customers facing difficulties in accessing energy supply. Its main objective is to facilitate payment and optimise the necessary procedures, prioritising the needs of people in vulnerable situations.

[MDR-A_05] As a result of the action, more than 90,000 arrangements on vulnerable customers has beenmade in 2024.

As mentioned above in the "Collaboration with vulnerable groups" subsection of this chapter, identification work is carried out to optimise customer service channels for vulnerable customers. The company also provides another specific customer service for those entities belonging to the third sector that represent these groups.

Additionally, in compliance with RD 897/2017, which regulates the figure of the vulnerable consumer, the social bonus and other protection measures for domestic consumers of electricity, Naturgy sends weekly to the bodies established by each autonomous community, the list of electricity supply points to which payment has been required. In this way, the regional administrations are informed of situations of non-payment so that they can take the measures deemed appropriate.

In relation to the social bonus, Naturgy has closed the year with 202,047 customers to whom the discount is applied in the electricity bill, as regulated by the government for households considered vulnerable due to their socio-economic conditions.

Energy vulnerability in Latin America

- **Argentina**: vulnerable customers are identified by the public administration, according to criteria based on family income, registrable assets, social assistance, disability, etc. The State creates a register of customers who should receive tariff subsidies, classified into different levels, with the most vulnerable segment being Social Tariff customers located in cold areas (also defined by the State).

  The billing system complies with the provisions of PEN Decree No. 332/2022, which promotes the creation of the Registry of Access to Energy Subsidies (RASE), under the orbit of the Undersecretariat of Energy Planning of the National Secretariat of Energy. As of June 2022, this regulation established a regime for the segmentation of subsidies to residential users of electricity and natural gas services through the network, with the aim of achieving reasonable energy prices that can be applied according to criteria of fairness and distributive equity.

  Each month, the distributor receives the register of subsidy beneficiaries. The file is processed so that the company's systems can properly identify the supply points subject to this special pricing and issue the subsidised bill according to the level assigned by the administration
- **Brazil**: vulnerable clients are registered in one of the government programmes for low-income citizens in vulnerable situations, the "Minha Casa Minha Vida" programme or the "Morar Carioca" programme.

  The customer submits to the distribution company a series of documents proving that they meet the requirements to be a beneficiary of the social tariff for piped gas. The social tariff offers a discount on the first two consumption brackets of the current tariff table.

  Beyond the discount on the bill, the management of vulnerable customers is the same as that of other customers in terms of collections, supply cuts or supply point management.
- **Mexico:** vulnerable customers are considered to be those people over 60 who live in areas considered socially marginalised given the value of the properties in which they reside and who consume an average of 20 m3 of gas per month. For these customers, the company applies a lower tariff for their consumption.
- **Panama:** vulnerable customers are those living in areas considered socially marginalised given the value of the properties in which they reside and social security. The company applies and, in accordance with current regulations, a percentage subsidy assumed by the government. In addition, it offers payment agreement options with more comfortable instalments and longer terms.

Support plan for those affected by the cut-off low in Valencia. Spain [S4-4_03]

[MDR-A_01][MDR-A_02][MDR-A_03]] In view of the situation caused by the impact of the cut-off low that took place at the end of 2024 on the population in general, and Naturgy customers in particular, in several towns in Valencia, the company has developed an aid plan aimed at those affected with the aim of supporting those customers who are in a situation of vulnerability.

Likewise, the aid has been defined until 31 January 2025, which can be extended according to customer demand. This initiative reflects the company's commitment to the assistance and well-being of its customers at critical times.

The main measures implemented include:

- Payment for the repair and/or replacement of household equipment (indoor gas installation, boilers and heaters) to all affected customers.
- Aid of €300 to all affected residential customers to guarantee hot water, hygiene and food (fridges, washing machines and heat pumps). Agreement with the Divelsa chain (Euronics / Tien21) and Comelsa (Milar).
- Aid of €600 to businesses (bars, bakeries, markets, laundries) and public service companies (schools, residences, health centres, etc.) affected to guarantee the restitution of services in the localities. Agreement with the Divelsa (Euronics / Tien21) and Comelsa (Milar) chains.
- Proactive call and free installation check for all gas customers, prioritising the most affected areas.
- €2,000 to all customers with solar panels for the replacement and/or repair of their equipment.
- Forgiveness of the total amount of the bill corresponding to the month of November (being the one with end date in November for electricity and end date November or December for bimonthly gas supplies) to residential and SME gas, utilities and electricity customers in the affected areas.

[MDR-A_05] As of 31 December, the action is still ongoing, having received a total of 9,638 calls from users, from which a total of 2,571 actions have been generated.

Actions to manage risks and opportunities

[S4-4_08] When it comes to managing potential risks, such as customer complaints about contract changes without user consent (Spain) and breaches related to data protection law, it has been implemented actions such as the improvement plan for the Commercial Information Management System and the Global Personal Data Protection Policy and associated measures, which are described in the previous section.

The opportunity to develop new and efficient services enabling the generation of new customers (e.g. self-consumption and energy efficiency) is addressed by offering a simple commercial offer, customisable to the consumer and committed to the energy transition, while at the same time improving the existing services and facilities on offer.

Development of a customised commercial offer. Spain [S4-4_09]

[MDR-A_01] [MDR-A_02] [MDR-A_03] Naturgy maintains a constant commitment to offer a commercial offer committed to the energy transition and adapted to different customer profiles identified.

[MDR-A_05] In 2024, Naturgy has maintained the diverse commercial offer of recent years, among which the following stand out:

- Promotion of self-consumption and charging of electric vehicles in all segments.
- A tariff portfolio segmented according to the needs of each type of client:
  - For Residential: fixed price per kWh, with and without hourly discrimination for electricity, or a personalised flat rate for electricity or a fixed price or personalised flat rate for gas.
  - For SMEs and homeowners' associations: fixed price per kWh for electricity adapted to the different consumption periods, fixed prices for gas with a specific commitment tariff for homeowners' associations and prices pegged to the market, both for electricity and gas.
  - For the Industrial Sector and Companies: wide range of flexible gas and electricity solutions with a focus on renewable solutions, providing services focused on decarbonisation and managing subsidies for its customers. In these solutions, Naturgy offers a comprehensive service ranging from the initial study, planning of the solution, installation, support management and maintenance throughout the contract, thus achieving maximum efficiency.

In this segment, the commercial offer is also adapted according to the reference price indices, in addition to providing fixed prices that allow them to secure their costs in the medium and long term.

- For all customers, the possibility of green electricity commercialisation through the allocation of guarantees of origin equivalent to the previous year's consumption -managed by the CNMC-, and neutral gas with CO2 emissions offset with CERs (Certified Emission Reduction Certificates) -a process certified by AENOR-. Commercialisation of biomethane (renewable gas) with guarantees of gas origin has also started.
- New power recommendation tool: improvement of the online power optimisation process to encourage customers to assess whether they can make any adjustments to their contracted power in order to save on their bill.
- Development of new maintenance services that reinforce the commitment to peace of mind at home: from Servigas (focused on gas supply and equipment), Servielectric (electricity supply and equipment), Servihogar (home services) and Servisolar (specific for self-consumption installations).
- Solutions for the renovation of equipment in the home to improve comfort and energy efficiency, including financing options, extended warranty and maintenance.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S4-5)

[S4.MDR-T_01-13] Setting targets is fundamental to managing identified impacts, risks and opportunities because it provides clear direction and a framework for decision-making. It also allows for monitoring the effectiveness of policies and actions.

[S4-5_01[S4-5_02][S4-5_03] Customers participate indirectly in the setting, monitoring and identification of improvements through the responses to the actions carried out or the satisfaction surveys where needs and expectations are collected.

Objectives related to actions addressed to consumers and/or end-users

Global satisfaction with service quality and Net Promoter Score (NPS)

[MDR-T_01] Naturgy evaluates the effectiveness of the actions aimed at managing impacts, risks and opportunities, presented in the previous section, through the objectives established in the 2021-2025 Sustainability Plan. The indicators of Global satisfaction with service and Net Promoter Score (NPS), in addition to being a sign of efficient management of impacts, risks and opportunities, if their results are positive, also constitute a key reference for gathering customer feedback, assessing quality standards and understanding their needs and expectations in relation to the services offered. [MDR-T_08] It should be noted that these objectives do not have milestones or interim targets.

[MDR-T_09] For the definition of the objectives, the evolution of historical data has been analysed, the performance is assessed against the valuation received by other competitors and the impact that the evolution of the future scenario could have on the performance of the indicators has been taken into account.

Detailed information on the objectives is presented below:

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
Global satisfaction with service quality (1-10)	2021	Not applicable	8.5	7.9	8.0	Not applicable
Net Promoter Score (NPS) Spain commercialisation (global) (%)	2021	Not applicable	45.0	29.7	27.0	Not applicable
Net Promoter Score (NPS) Argentina BAN (global)	2021	Not applicable	57.0	59.2	57.4	Not applicable
Net Promoter Score (NPS) Argentina NOA (global) (%)	2021	Not applicable	pending	63.1	64.1	Not applicable
Net Promoter Score (NPS) Brazil (global) (%)	2021	Not applicable	60.0	59.7	58.7	Not applicable
Net Promoter Score (NPS) Chile Metrogas (global)	2021	Not applicable	65.0	58.0	68.0	Not applicable
Net Promoter Score (NPS) Mexico (global) (%)	2021	Not applicable	46.0	79.0	73.0	Not applicable
Net Promoter Score (NPS) Panama (customer service)(%)	2021	Not applicable	20.0	-27.0	7.0	Not applicable

[MDR-T_11] Naturgy considers excellence and customer satisfaction as fundamental pillars of its strategy and takes them into account when defining its objectives in order to ensure that the services provided meet the highest standards of quality, safety and reliability to satisfy its customers.

[MDR-T_12] On the other hand, the target has no changes in parameters, measurement methodologies, assumptions, limitations, data collection sources or processes.

[MDR-T_13] A monitoring of the performance of the target is carried out by the areas involved, in the different countries and businesses, in claims management. In 2024, the performance of the indicator has been particularly good due to the fact that some countries have recorded significantly fewer complaints compared to previous years. Given that this decline is not explained by changes in operations or in the way the indicator is measured, the company has slightly increased its ambition, although it has decided to keep its target at similar orders of magnitude to those expected in the past.

In accordance with the "Purpose and strategy" section of the General disclosures chapter, Naturgy has drawn up a Sustainability Plan 2025-2027, under the framework of the new Strategic Plan 2025-2027, whereby the objectives of the previous Plan are updated. In this case, the following objectives have been established for 2027:

	Approval year	Base year	Target 2027	Baseline value
Global satisfaction with service quality (1-10)	2025	2022	8.7	7.6

In the 2025-2027 Sustainability Plan, the company has decided to establish the global satisfaction index with the quality of service as a target, as this is a consolidate metric at group level and allows the perception that customers have of the company's services to be assessed, and to dispense with the NPS targets as they are considered redundant for this purpose.

No. of complaints registered / No. of contacts (%)

[MDR-T_01]] The 2021-2025 Sustainability Plan has established the objective of maintaining the indicator "no. of complaints registered / total no. of customer contacts (%)" with the aim of reducing incidents related to the information provided to customers. Through this objective, the company seeks to improve the customer experience, ensuring an efficient and high quality service. [MDR-T_08] It is important to highlight that this objective does not have milestones or interim targets.

Detailed information on the objective is presented below:

MDR-T_02; MDR-T_03; MDR-T_05; MDR-T_06

	Approval year	Base year	Target 2025	Year 2024	Year 2023	Baseline value
No. of complaints registered / No. of contacts (%)	2021	Not applicable	4.05	3.33	4.57	Not applicable

[MDR-T_11] In addition, through feedback from management assessment and satisfaction surveys, which identify needs and expectations, customers and end-users have indirectly contributed to the definition of the objectives.

[MDR-T_09] For the definition of the objectives, the evolution of historical data has been analysed, performance is assessed against the valuation received by other competitors and the impact that the evolution of the future scenario could have on the performance of the indicators has been taken into account.

[MDR-T_13] A monitoring of the performance of the target is carried out by the areas involved, in the different countries and businesses, in the management of complaints. In 2024, the performance of the indicator has been particularly good because some countries have recorded significantly fewer complaints due to the operational improvements implemented, especially in Spain. The target set for 2027 does not fully reflect the good performance in 2024 as it excludes unique situations that have occurred this year, for example in Mexico.

Furthermore, and in accordance with what is indicated in the "Purpose and strategy" section of the General disclosures chapter, Naturgy has drawn up a 2025-2027 Sustainability Plan , whereby the indicators of the previous Sustainability Plan are updated. The new target for the percentage of complaints registered with respect to the total number of contacts is:

	Approval year	Base year	Target 2027	Baseline value
No. of complaints registered / No. of contacts (%)	2025	2022	3.59	4.80

04. Business conduct

One of Naturgy's guiding principles is to be a company where integrity and trust are the foundations on which the business model is based. For that purpose, the company has different policies, procedures and governing bodies that allow it to aspire to be accountable, transparent and transparent. committed to all stakeholders, as set out in the main recommendations recommendations of the national and international standards.

The role of the administrative, supervisory and management bodies (GOV-1)

[G1.GOV-1_01] In addition to the information provided in section 2. Governance in the General disclosures chapter of this report, the key role and experience of the administrative, management and supervisory bodies in relation to business conduct is detailed below.

The main responsibility in relation to business conduct on the part of the Board of Directors is the formulation and approval of Naturgy's Code of Ethics. This document establishes the guidelines that must govern the ethical behaviour of Naturgy's directors, managers and employees in their daily performance with regard to the relations and interactions it maintains with all stakeholders. It sets out the commitments assumed by the company in matters related to ethics and regulatory compliance. Since its approval in 2005, it has been renewed periodically to adapt it to the new realities facing the company, the last in 2024.

In this regard, within the framework of the approval of Law 2/2023 of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, the update that Naturgy's Board of Directors carried out to comply with the obligations established therein is noteworthy. The main measures adopted were as follows:

- Approval of the Naturgy Group's Internal Information System Policy.
- Approval of the Management Procedure of the Internal Information System of the Naturgy Group.
- Designation of the person responsible for the Internal Information System.
- Adaptation of internal complaints channels to the requirements of Law 2/2023.

More information on the Code of Ethics, the whistleblower channel, among others, can be found in section F.1.2 of the Annual Corporate Governance Report 2024.

[G1.GOV-1_02] The company recognises the importance of administrative, management and supervisory bodies in promoting responsible and ethical business practices. In this regard, the business conduct experience of these bodies is detailed in section 2. Governance of the General disclosures chapter of this report.

Nevertheless, the experience and knowledge of the directors on the Audit and Control Committee, Mr Claudio Santiago Ponsa, Mr José Torre de Silva López de Letona, Ms Helena Herrero Starkie, Mr Ramón Adell Ramón and Mr Pedro Sainz de Baranda Riva, as well as the executive chairman, Mr Francisco Reynés Massanet, should be highlighted, both for their work on the board and for the regular updates they receive on matters relating to business conduct.

Moreover, together with the specific functions entrusted to the Board of Directors, Naturgy relies on a series of supervisory bodies to ensure compliance in relation to business conduct.

The Ethics and Compliance Committee, made up of the head of the Compliance unit, the General Secretariat and the Board, Internal Audit, Public Affairs and Sustainability, Management Control, and Control and People and Resources, disseminates the Code of Ethics and acts as an advisor and guide in the event of doubts or conflicts regarding the Code.

The Ethics and Compliance Committee receives support from the Compliance unit through the supervision of compliance with external regulations and the policies and procedures implemented in the Group to mitigate the main risks in this area. These include legal, corruption and fraud risks.

[G1-1_01] In addition, the Compliance Unit is responsible, in relation to Naturgy's Code of Ethics, for its communication, ensuring compliance with the provisions of the same, in the Anti-Corruption Policy and in the rest of the policies and procedures of its scope of action. This unit reports regularly to the Ethics and Compliance Committee and the Audit and Control Committee (delegated committee of the Board of Directors) on the activity carried out in the exercise of its functions. It also provides periodic reports on the most relevant matters related to the dissemination of and compliance with the Code of Ethics, the Anti-Corruption Policy and other policies and procedures within its scope of action, and monitors its main indicators.

During 2024, the Ethics and Compliance Committee held 6 working meetings, which, in addition to analysing the monitoring of the main compliance indicators, paid special attention to the monitoring of complaints received through the Code of Ethics Channel and the proposal of appropriate measures to close them, the communication and training activities promoted by the Compliance unit and the analysis of the counterparties that, due to the singularities presented, have been submitted for analysis by said unit.

Within the management bodies, responsibility for aspects related to business conduct lies with Senior Management, who will serve as a reference model with their behaviour and level of compliance with the Code of Ethics and the Compliance Policy, and will promote knowledge of and compliance with the same by the employees under their management. It will also ensure the correct identification of the compliance risks inherent to the company's activity, with the support and according to the criteria established by the Compliance unit.

Description of the processes to identify and assess material impacts, risks and opportunities (IRO-1)

In section 4. Impact, risk and opportunity management in the General disclosures chapter of this report, the process for determining and assessing impacts, risks and opportunities carried out in the double materiality assessment is described.

The material impacts, risks and opportunities to be addressed throughout the chapter are presented below.

		Value chain (2)(3)	Business (4)	Time horizon (5)
BUSINESS CONDUCT				
Corporate culture				
P.I. (1)	Increased stakeholder trust through the promotion of an ethical culture.	VC	Both	Current
O	Attraction of business/financing opportunities by applying responsible practices as a company standard.	OO	Both	Medium-term
	Reduced fines and penalties resulting from having a regulatory framework based on ethics and compliance.	OO	Both	Medium-term
Protection of whistle-blowers				
P.I.	Increased trust of complainants given the correct resolution/ management of the complaints/enquiries made.	VC	Both	Current
Political engagement and lobbying activities				
N.I.	Lobbying activities to influence the passing of laws that are favourable to the company's interests.	VC	Both	Current
P.I.	Encourage the development of certain countries through private initiative (investments, etc.).	VC	Both	Medium-term
R	Regulation with a negative impact on the company's medium-term strategy.	OO	Both	Medium-term
Management of relationships with suppliers including payment practices				
P.I.	Contribution to sustainability through the environmental and social evaluation of new suppliers under ESG criteria for their subsequent selection.	VC	Both	Current
	Development and consolidation of long-term relationships with suppliers of products and services.	VC	Both	Current
Corruption and bribery				
P.I.	Decreasing corruption through communication and training on anti-corruption policies and procedures to reinforce the culture of ethics and integrity in the company.	OO	Both	Current
R	Theft of relevant company material and/or information.	OO	Both	Short-term
	Internal fraud.	OO	Both	Short-term
O	Maintenance of a certified and third-party audited management system to support regulatory compliance and the crime prevention model.	OO	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

Business conduct policies and corporate culture (G1-1)

Business conduct policies

Based on the impacts, risks and opportunities of this issue identified through the double materiality assessment, Naturgy has developed a framework of policies aimed at managing them. This body of regulations derives from the Code of Ethics and reinforces and extends the principles expressed therein.

[G1.MDR-P_01-06] The policies adopted to address the issues for which Naturgy has identified material impacts, risks and opportunities are described below:

Material matter	Policy [MDR-P_01][MDR-P_03]	Targets
Corporate culture	***Compliance Policy.*** Approved by the Board of Directors.It establishes the roles and responsibilities for the compliance management system. Effective from 2019.	– Promote a culture of compliance and zero tolerance of non-compliance. – Ensure, through prevention, detection, monitoring, training and response activities, the organisation's compliance with external and internal regulations. – Avoid possible sanctions, financial losses and reputational damage.
Whistleblower protection	**Internal Information System Policy.** Approved by the Board of Directors. It establishes the necessary guidelines to have an Internal Information System under the term**s** established in Law 2/2023.	– Delimit the scope of the Internal Information System both objectively and subjectively. – State the general principles that should govern the functioning of the Internal Information System. – Establish guarantees for the protection of whistleblowers. – Facilitate the guidelines to be followed for the correct processing, investigation and resolution of complaints and queries received.
	Management Procedure of the Internal Reporting System. Establishes the process for processing information relating to any of the infringements referred to in article 2 of Law 2/2023.	Procedure for the investigation of: – Any acts or omissions that may constitute breaches of European Union law that meet the criteria set out in Law 2/2023. – Actions or omissions that may constitute a criminal offence. – Actions or omissions that could constitute a serious or very serious administrative offence.
Political commitment	**Global Institutional Relations Policy.** Approved by the corresponding General Manager. It establishes a common framework and guidelines for Naturgy's dialogue with public institutions and political parties to convey its position and defend its interests.	– It details the principles of action that should govern the dialogue: integrity, guarantee of transparency and honesty. – Defines the guidelines of conduct to be followed in Naturgy's dialogue with authorities, public officials and political parties. – Regulates the internal management of participation in foundations, associations and other entities.
Suppliers relations management	**Supplier Code of Ethics.** Approved by the Ethics and Compliance Committee. It establishes the guidelines that will govern the ethical behaviour of its suppliers, contractors and external collaborators. Updated in October 2024.	– It includes the commitments derived from the United Nations Global Compact. – It determines the guidelines for conduct in the social and labour, ethical and good governance, health and safety, environmental and quality areas.

	Anti-Corruption Policy.[G1-1_03] **Approved by the Management Committee.** It establishes the principles for all employees and managers of Naturgy companies. In this way it complies with national and international legislation in this matter, as well as aligning itself with the universally accepted principles of the United Nations Global Compact.	Guide the conduct of employees and managers in the face of any corrupt practices within the company, through: – Prevention. – Detection. – Reserch. – Remedy.
	Business Courtesies Policy. Approved by the Management Committee. It establishes the conditions under which Naturgy's directors and employees may accept or offer business courtesies to business counterparties in the performance of their professional duties.	– Avoid improperly influencing their commercial, professional or administrative relations with both public and private entities. – It must comply with the principles set out in the Code of Ethics, the Compliance Policy and the Anti-Corruption Policy
Corruption and bribery	**Policy for the Prevention of Money Laundering and Terrorist Financing.** Approved by the Management Committee in development of chapter 4.8. "Irregular payments and money laundering" of Naturgy's Code of Ethics, as well as its Anti-Corruption Policy.	– Define the general principles that should guide the conduct of all employees and directors of Group companies with respect to the prevention of money laundering and terrorist financing. It must comply with the principles set out in the Anti-Corruption Policy.
	Conflict of Interest Policy. Approved by the Director General concerned.Its purpose is to implement the provisions of chapter 4.10. "Loyalty to the company and conflict of interest" in the Naturgy Code of Ethics, which establishes that Employees must act with loyalty and in the best interests of Naturgy	– Establish the guidelines to be followed by employees in the event of a conflict of interest, based on the principles of loyalty, abstention and transparency for the resolution of these situations. – It must comply with the principles set out in the Code of Ethics, the Supplier Code of Ethics, the Compliance Policy, the Anti-Corruption Policy and the Internal Code of Conduct on Matters Relating to Securities Markets and Treasury Stock Policy (ICR).
	Counterparty Due Diligence Procedure. Approved by the Compliance Officer.Its purpose is to ensure that all areas of the Naturgy group carry out analyses, corruption and reputational risk assessments and their monitoring in an efficient and uniform manner, when third parties are involved in the business relations of the companies that make up the Naturgy group.	– Comply with the principles set out in the Code of Ethics, the Crime Prevention Model, the Compliance Policy and the Anti-Corruption Policy.

[MDR-P_02] The policies listed are mandatory and affect all investee companies in which Naturgy has management control. Likewise, the group promotes and encourages among its suppliers and collaborating companies the adoption of behavioural guidelines consistent with those defined in the Code of Ethics and the rest of Naturgy's policies, for which it has established as an essential requirement to be a supplier of the company that they formally accept to comply with the supplier's Code of Ethics.

[MDR-P_04] The company bases itself on available trends and best practices when defining its policies. In the case of the Code of Ethics, the pillar of the regulatory body and from which the aforementioned policies emanate, it is aligned with and ultimately seeks to comply with the ten principles of the United Nations Global Compact.

[MDR-P_05][MDR-P_06] The policies described integrate the perspectives and opinions of the different stakeholders affected by each of them. Most of them are accessible to all of them through Naturgy's corporate website (www.naturgy.com). Due to its more operational nature, the counterparty Due Diligence procedure is hosted in Naturgy's internal regulatory browser tool and on the company's intranet, being accessible to all employees, thus facilitating their knowledge and application of the due diligence processes.

Corporate culture

Naturgy has a series of mechanisms to identify, report and investigate problems associated with unlawful behaviour or practices contrary to the Code of Ethics or business conduct policies:

- Controls associated with the Crime Prevention Model.
- Channels for reporting related to ethics and integrity.
- Dissemination and training actions.
- Counterparty Due Diligence Procedure.

Crime Prevention Model

This model, which is international in scope, updated annually. Thus, in 2024, the model has continued to adapt to Naturgy's new organisational structure.

The Compliance unit is in charge of managing the Criminal Prevention Model and, in collaboration with the different units concerned, assesses the risks in the models it develops.

Internationally, Naturgy has criminal prevention models in Argentina, Brazil, Chile, Mexico and the USA and is also progressively implementing criminal prevention models linked to all the activities carried out in the rest of the countries where it is present, such as Australia and Panama, all of which have legislation on the criminal liability of legal persons.

Although the different Criminal Prevention Models include all the criminal risks applicable to Naturgy, in accordance with article 31 bis of the Criminal Code or the applicable local regulations, the fight against fraud, corruption and the criminal risks related to money laundering are, due to their importance, those on which more detailed information is provided below.

- **Fight against fraud and corruption:** Naturgy's mechanisms to ensure the proper implementation of the Anti-Corruption Policy, and to prevent, detect, investigate and sanction cases of corruption.
- **Prevention of money laundering:** Naturgy has mechanisms, procedures and policies that seek to prevent and, where appropriate, detect and react to any possible breaches in the prevention of money laundering detected in the exercise of its activity.

Channels for reporting related to ethics and integrity

Naturgy has a Code of Ethics channel, which is the corporate instrument for compliance with the law and respect for the rules of conduct and principles contained in the Code of Ethics and the rules that develop it.

The Code of Ethics channel is a transparent and confidential tool through which employees, managers and directors anywhere in the world, as well as other partners and third parties, can raise concerns:

- Enquiries relating to the application and interpretation of the Code of Ethics and the rules which, in terms of compliance, develop it.

- Complaints relating to conduct, behaviour or practices within Naturgy that may breach the Code of Ethics and the rules that, in terms of compliance, develop it.

Since the entry into force of the Organic Law on Data Protection and Guarantee of Digital Rights, and in accordance with the provisions of the same, and with Law 2/2023, Naturgy's Code of Ethics channel allows for anonymous queries and complaints.

[G1-1_05][G1-1_06][G1-1_12] In the case of Spain, since 2023, the Code of Ethics channel has been incorporated into the Internal Reporting System, in accordance with the requirements of Law 2/2023 (transposition of Directive (EU) 2019/1937 into Spanish law) regulating the protection of persons who report breaches of regulations and the fight against corruption. In this regard, both the Internal Reporting System Policy and the Code of Ethics Channel Operating Regulations prohibit any act constituting retaliation, including threats of retaliation and attempts at retaliation against persons who submit a report in accordance with the provisions of said law or the channel's own regulations.

[G1-1_08] The company's Internal Reporting System, approved by Naturgy's Board of Directors in 2023, handles complaints and cases related to business conduct, including potential cases of corruption and bribery:

- Any acts or omissions that may constitute breaches of European Union law that meet the criteria set out in Law 2/2023.
- Actions or omissions that may constitute a criminal offence.
- Actions or omissions that could constitute a serious or very serious administrative offence.

The software solution implemented by Naturgy (EQS integrityline) through which the Internal Reporting System is managed, makes it possible to file complaints that may constitute breaches referred to in Article 2 of Law 2/2023 (internal reporting system, only for the EU), which refer to breaches of the Code of Ethics (for all countries where Naturgy has a presence. non-EU area), and also complaints of sexual harassment or gender-based harassment (only for Spain). This channel, which is , traceable, with secure software and certified in Europe, is available through Naturgy's external website (https://naturgy.integrityline.com) and the company's intranet.

Naturgy's own workforce has been informed of the availability of both channels, as procedures for reporting violations and has received information on both the use of the channel and the management procedures of both, in accordance with the applicable internal regulations. On the other hand, it has been reported that both the person responsible for the Internal Information System, as well as the members of the Compliance, People and Internal Audit units of the company, have received the necessary training to perform their duties in accordance with the aforementioned regulations, whose aim is to facilitate the guidelines to be followed for the correct processing, investigation and resolution of the complaints and queries received.

Dissemination and training actions.

[G1-1_10] Regarding to business conduct, Naturgy's general policy is to ensure that all employees understand and comply with the applicable ethical principles, laws and regulations. Training in business conduct is aimed at the entire organisation and is annual. Through the Corporate University, from the moment they join Naturgy, all employees are required to take the various training programmes available. The coverage of this training is broad and detailed, covering key issues such as knowledge of the Code of Ethics, the scope of the Crime, Prevention Model, the Anti-Corruption Policy, the Conflict of Interest Policy, the Prevention of Harassment, and the basic principles arising from the legislation on data protection. In addition, specific training activities are scheduled on an annual basis for specific groups within the company on various topics such as market abuse regulations, competition law, etc.

[G1-3_06] On a regular basis, Naturgy carries out training actions in order to disseminate its commitment to the fight against corruption and ensure that its managers, employees and suppliers have adequate and sufficient information to act in this area. Among other actions, it is carried out periodically:

- Update of the Naturgynet space dedicated to compliance.
- Regular reporting to the Board of Directors on the activities of the Ethics and Compliance Committee (notifications received, activities carried out, etc.).
- Training course on the Criminal Prevention Model, Code of Ethics and Anti-Corruption Policy.
- Specific training in relation to the Criminal Prevention Model and Anti-Corruption Policy for new employees and managers.
- [G1-3_08]The administrative, management and supervisory bodies are regularly informed of the basic elements of the Crime Prevention Model, its updates and the main crime risks associated with Naturgy's activity.

[G1-1_11][G1-3_07] The persons considered especially exposed in Naturgy amounted in 2024 to 242 persons, representing 3.55%% of the total number of employees of the Group. Naturgy considers as especially exposed persons, and therefore at risk of greater corruption or bribery, those who are part of the following groups:

- Members of Naturgy management.
- Persons assigned to the Compliance area, as well as those assigned to financial or business units (e.g. Investor Relations, trading activity), who, due to their relationship with operations or payments to third parties, may be subject to the risk of bribery.

Likewise, persons who, due to the content and criticality of the position to be performed, merit such consideration by the People in Business and Corporate and Compliance areas, may be categorised as particularly exposed persons.

Naturgy offers training programmes to all the people who make up this risk group in order to prevent and mitigate cases of corruption and bribery.

[G1-4_03] Below are the courses and declarations in relation to corruption that have been carried out, showing the percentage of completion.

- **Anti-corruption and bribery training Group**

Topics covered	Particularly exposed positions	Senior management	Other own workforce
Crime prevention model	90%	100%	81%
Conflicts of interest	79%	88%	75%

- **Anti-corruption and bribery training (Spain)**

Topics covered	Particularly exposed positions	Senior management	Other own workforce
Crime prevention model	95%	100%	98%
Conflicts of interest	87%	88%	96%
Responsible declaration of compliance	98%	100%	98%
Market abuse (2)	100%		

Notes:
(1) Training aimed exclusively at trading, internal audit, compliance and legal services workers of some businesses in Spain (all of them considered particularly exposed).

On the occasion of the adoption of the law on the comprehensive guarantee of sexual freedom, Organic Law 10/2022 of 7 October, which introduces the possibility of criminal liability of the legal person in this area, numerous face-to-face training sessions were held with the Group's employees in Spain, with special emphasis on the group of executives and middle management.

The training has been developed according to the following outline:

- **2 Hybrid sessions:** delivered by the Compliance Officer in collaboration with external advisors for all staff.
- **10 Hybrid sessions:** delivered by the Compliance Officer for all staff.
- **10 Face-to-face sessions**: given by the head of Compliance to the Management Committee and committees of the different business and corporate areas.

On-site training sessions have also been developed for the trading area in relation to the regulation against market abuse and disclosure of inside information. The aim of this training has been to analyse the European regulation on market abuse and the obligations that this regulation entails for Naturgy.

Also in the second half of the year, a communication campaign called "No es broma, es Compliance" (It's not a joke, it's Compliance) was carried out, starring members of the unit who, through amusing videos, tried to make employees aware of "realsituations in this area. The videos and themes addressed were as follows:

- **"Los favores" (July 2024):** bribery with 970 reproductions.
- **"La madre" (September 2024):** importance of due diligence with 917 reproductions.
- **"El palo" (October 2024)**: business attentions with 535 reproductions.
- **"El primo" (November 2024):** conflicts of interest with 388 reproductions.
- **"** the Christmas campaign reinforces the importance of notifying gifts received at this time of the year through the business services form. 387 reproductions.

Likewise, together with the rest of Naturgy's Compliance teams in Argentina, Brazil, Panama. Mexico and Chile, the video "Compliance without borders" was published on Naturgy TV to highlight their work.

In April, the Compliance unit participated in the annual Expansión awards. These awards highlight the best practices in regulatory compliance in companies and are sponsored by Deloitte Legal, Aenor and ESADE, as an academic partner. Thus, the company won the award for the 'Ibex 35 company with best compliance practices in 2023' and the 'Most innovative company in compliance'.

Finally, Naturgy hosted the VII National Anti-Fraud Congress organised by the World Compliance Association, with the head of Compliance participating in the inaugural conference.

Counterparty Due Diligence Procedure

Naturgy has a Counterparty Due Diligence Procedure to know and analyse the counterparties with whom the company operates and thus evaluate the associated corruption and reputation risks.

Through application of this Procedure, Naturgy ensures that all areas of the Group carry out analyses, corruption and reputational risk assessments and their monitoring in an efficient and uniform manner, when third parties are involved in the business relations of the companies that make up the Naturgy Group.

The application of this Procedure complements, and does not replace, the third-party assessments already established by Naturgy's regulatory body and which must be carried out by other units, such as Purchasing or Risks.

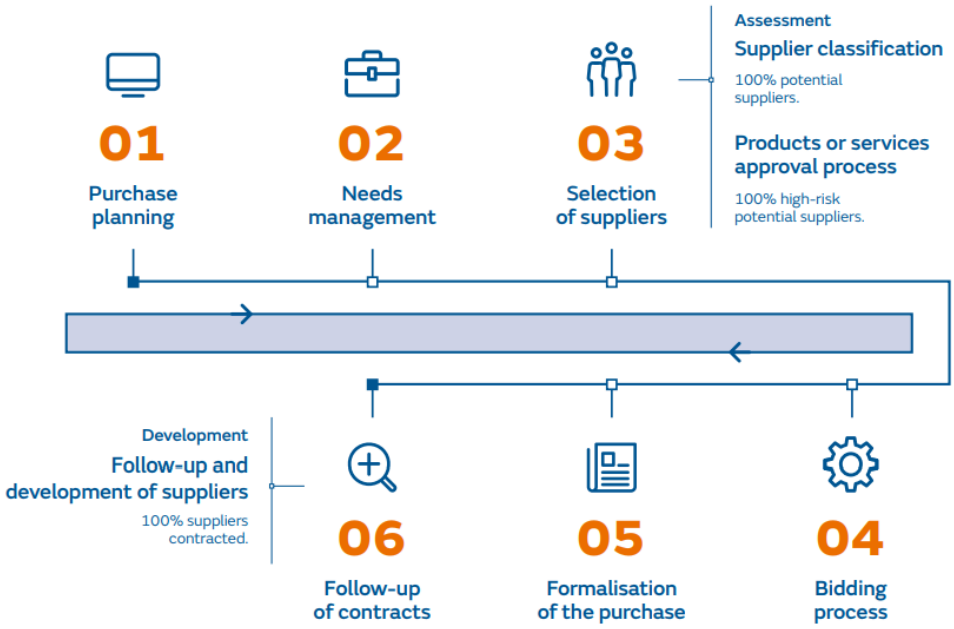
During 2022, a new analysis tool was implemented that visually and globally includes all the risks associated with counterparties that must be taken into account in any analysis ((sanctions, adverse media, geopolitical risk, particularly exposed persons, State Owned Entities (SOE's), environmental, social and governance aspects, etc.). This tool aims to standardise the risk assessment of both suppliers and counterparties under the scope of the Counterparty Due Diligence Procedure. The compliance preliminary risk analysis processes were also computerised by implementing initial risk assessment forms via the corporate intranet.

Management of relationships with suppliers (G1-2)

Approach to management of supplier relationships

[G1-2_02 Suppliers and collaborating companies are key players in the optimal functioning of Naturgy's value chain. Thus, the company promotes the maintenance of trustworthy, stable, solid and mutually beneficial relationships, under the principles of transparency and risk management that contribute to the development and consolidation of long-term relationships. In 2024, Naturgy has established commercial relations with a total of 5,284 suppliers.

Naturgy follows a procurement process that aims to meet the needs for goods and services in an efficient manner. It covers all phases of purchasing, from identifying the need for a good or service to monitoring the management of contracts or orders.



Procurement is based on unified and universal contractual conditions for the entire scope of the Group's activities, which include, among others, social, labour practices and human rights clauses, environmental requisites, antI-corruption clauses and ethical practices. 100% of contracts to suppliers based on the single contractual model include such clauses. The general terms and conditions of contracting and the country specific conditions are published on the relevant Group websites.

This interaction with third parties represents a potential risk for Naturgy that could be be severely impacted by an inadequate activity by its suppliers and contractors in terms of the environment, health and safety, human rights, labour practices or corruption. Risk management derived from relations with suppliers in Naturgy is based on their compliance with standards equivalent to those applied internally and is based on the following commitments:

- Extending Naturgy's culture to the supply chain, transmitting the objective of excellence in service, efficiency in resources and compliance with the company's principles of responsible action. Encouraging the incorporation of sustainability criteria in daily management.
- Fostering compliance with the codes and policies of Naturgy in the supply chain, in particular in the area of human rights, ethics, health and safety and the environment.
- Encouraging the hiring of suppliers from the country or region where the company performs its activities against similar competitiveness in other locations, thus supporting the generation of a positive social impact.
- Fostering practices that encourage traceability and fair trade of raw materials at source.

The management of suppliers participating in Naturgy's value chain is articulated through various elements listed below:

Statement of Principles and Policies	It establishes commitments, actions and indicators for the responsible management of the company's value chain. As explained in the "Corporate policies" section of the General disclosures chapter, this standard integrates the commitments established in the current Corporate Responsibility Policy.
Global Sustainability Policy	It expresses Naturgy's commitments to Human Rights. The evaluation of suppliers includes questions relating to human rights practices that are excluded in the event of an unsatisfactory response. In 2024, no non-compliance has been detected in the area of human rights in suppliers. As explained in the section "Corporate policies" of the General disclosures chapter, this policy is an integral part of the current Global Human Rights Policy.
Supplier Code of Ethics	Since 2016 all group suppliers have to adhere to the Supplier Code of Ethics. Further details are provided in the sub-section Actions to manage negative and positive impacts in the chapter on Workers in the value chain.
Global Outsourcing Policy	It establishes the general principles applicable to all procurement and contracting of works, goods and services carried out by the Group, guaranteeing a homogeneous, efficient and quality model for the management of the procurement process.
Global Supplier Policy	Describes the supplier evaluation, approval, monitoring and development processes. Guarantees sustainable management of the supply chain, identifying and assessing risk factors, evaluating suppliers and ensuring compliance with Naturgy's sustainability commitments. Its general principles include promoting responsible supply chain management and ensuring the Group's sustainability performance principles in procurement and contracting processes. In particular, in environmental, social and governance matters, ensuring, among others, ethical behaviour and human and labour rights, transparency, full and fair opportunity, respect for the interests of stakeholders, respect for the principle of legality and international standards of behaviour, focus on needs, integration and continuous improvement.
Transparency in purchases and communication with suppliers	Naturgy is committed to ensuring free competition, objectivity, impartiality, transparency and traceability throughout the entire procurement process: – The use of secure electronic means for management of all tenders brings greater transparency to the procurement process and ensures information traceability. – Communication channels with the supplier that facilitate access to all the information necessary for their participation in the procurement processes: ▪ A specific section for suppliers on Naturgy's website. ▪ The Supplier Portal and SAP Business Network, online platforms for transferring technical regulations to suppliers, notifying updates and managing orders. ▪ The Supplier Channel, an online mailbox available to suppliers to resolve doubts or incidents and to make queries or suggestions.
Reporting channel	All suppliers, contractors and external collaborators of Naturgy have the possibility to address confidentially and anonymously, in good faith and in good faith. without fear of reprisal to Naturgy to report any non-compliance with the guidelines. of the Code of Ethics that they observe in their professional performance. Such communication can be made through the Internal Information System, accessible through www.naturgy.com.

Risks in the supply chain

The process of global supply chain management is based on the assessment of risk factors that are intrinsic in outsourcing a service or supply of a product. This allows us to put in place controls to minimise risks and to ensure a level of compliance by suppliers that is equivalent to the requirements that the company satisfies in the activities it performs internally.

With the risk assessment of the 331 purchase categories that are managed worldwide, and after assessing the risks of 50 countries where the company usually contracts, we obtain the risk of each purchase category in accordance with its activity and the country where the activity is conducted.

This combination allows us to assign a high, medium or low risk to each purchase category, which is integrated into the map, thus obtaining the risk of each purchase category by country.

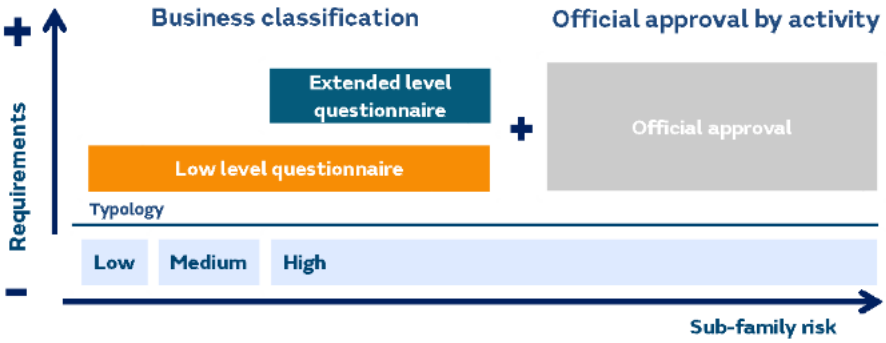
The supplier evaluation, monitoring and follow-up processes take into account the specific risks of the energy sector (labour situation, human rights, emissions, pollution potential, etc.), the specific risks of the supply (labour situation, resource intensity, emissions, pollution potential, etc.), as well as the risks of the country in which the supply takes place.

The company considers critical suppliers to be those with a high level of risk in any of the risk factors assessed - Operational, ESG, Health and Safety and Quality - associated with the categories of purchases they supply. Also included as non-substitutable critical supplier are technologists or suppliers of products or services that cannot be supplied by others or cannot be substituted, with which specific contractual conditions are established and validated by the specialised areas (Legal, Compliance, Cybersecurity, etc.) and which exceed Naturgy's Single Contractual Model.

Risk factors

Supplier assessment and selection

Supplier assessment consists of business classification and approval processes by activity.



The business classification evaluates suppliers' compliance with Naturgy's requirements through questionnaires and requests for evidence from suppliers via the Achilles-Repro platform, based on criteria established in the standards and methodology defined by the utilities community in southern Europe and South America. All suppliers must pass this process before maintaining commercial relations with Naturgy.

The supplier business classification model establishes:

- A basic level for suppliers with medium and low risk that ensures their adherence to the Naturgy's Supplier Code of Ethics and the declaration of compliance with the main legal, tax, organisational, environmental, social, health and safety, cybersecurity, compliance, quality and personal data processing criteria required by Naturgy.
- An extended level, for high-risk suppliers, which additionally requires an extended questionnaire and evidence of financial, sustainability, health and safety, and compliance information.

The company classification process also obliges all suppliers to declare compliance with minimum social, health and safety and labour practice requirements, and the abolition of traditional and emerging practices of forced labour and child labour.

In 2024, Naturgy has managed the ESG assessment of 5,333 suppliers, including potential and active suppliers. The latter must be evaluated on an annual basis.

On the other hand, the process of approving suppliers in health and safety is described in the section Actions to manage negative and positive impacts in the chapter on Workers in the value chain. Naturgy has established that all suppliers that carry out critical activities - as they are defined as high risk in any of the ESG and quality risk factors - must be approved by means of audits or assessments documented by Naturgy employees or by hired consultants, which are carried out at the supplier's facilities or on-site, depending on the criticality, to verify compliance with the specific requirements defined for the service or material. If anomalies are detected during the audits, they will have to carry out actions aimed at correcting and implementing them within the deadlines agreed between Naturgy and the supplier, this period always being less than one year.

In 2024, 551 audits were performed on suppliers and subcontractors, of which 88 were conducted at their facilities (28 audits of approval and 60 inspections at source). If anomalies arise in the approval process, this may lead to a plan of corrective actions, or to the non-approval of the supplier, which would prevent such supplier from performing this activity for Naturgy.

54% of the approval audits carried out at the suppliers' premises has resulted in the need to submit a corrective action plan. On the other hand, in 2023, no supplier's approval has been suspended or withdrawn, nor has the contractual relationship been terminated for non-compliance with safety, quality and other requirements.

In addition, the company also approves and, therefore, carries out audits managed by Naturgy employees or contracted consultants, to non-tier 1 suppliers corresponding to purchase categories of critical products for operations, on which audits are carried out based mainly on aspects related to quality. Critical products are considered to be those defined by the business based on the interruptibility of the service, the consequences in the event of failure, delays or failures in delivery, among other factors.

Application of ESG criteria in the assessment and selection of suppliers [G1-2_03]

Naturgy assesses the ESG risk using a matrix that takes into account 20 environmental, social and good governance aspects of each of the purchasing categories and countries in which it operates.

Risk Factors Environment	Risk Factors Good Governance	Risk Factors Social
Climate change. Pollution. Biodiversity. Water. Soil. Landscape · Territory · Heritage. Consumption of resources. Waste.	Fraud. Corruption. Competition. Terrorism. Professional ethics. Regulatory compliance.	Community well-being. Human Rights. Employee rights. Data protection. Safety and quality of products. Freedom.

→ ↓ ←

ESG Risk Map (activity/country)

High level | Medium level | Low level

Due to the importance for Naturgy of occupational Health and Safety and climate change, the ESG risk matrix is complemented by the specific risk matrix for these two factors, and the company establishes regulations and processes for prevention and mitigation in both cases.

In this way, Naturgy identifies suppliers with high sustainability risk, considering those that present a high level of risk in health and safety and ESG factors. In 2024, the number of suppliers considered in this category has been 600, which represents 31.56 of the total purchase volume. The 97% of these suppliers present high risk in health and safety as this is the predominant factor due to the nature of the activity carried out by Naturgy, construction, operation and maintenance of natural gas networks, electricity networks and power plants.

Monitoring, follow-up and development of suppliers

[G1-2_02] Once the company has procured works, goods and services, monitoring, follow-up and supplier development activities are essential to ensure a homogeneous, efficient and sustainable model, in line with the company's general principles set out in its policies, standards and procedures.

Monitoring and follow-up of suppliers

Since 2019, Naturgy's purchasing areas, in coordination with the compliance unit, have been monitoring online the reputational risks of the portfolio of suppliers with which it has a commercial relationship. A screening tool is used to detect the exposure to reputational risk of counterparties.

For the monitoring of health and safety and ESG risks, the mechanisms used are:

Environmental specifications	Naturgy has developed specific environmental specifications for suppliers and contractors that are attached to the corresponding contracts, based on the purchase category supplied, which include minimum environmental management requirements for application and monitoring during procurement.
Documented Safety Inspections	In suppliers involved in activities classified as high risk in health and safety, "Documented Safety Inspections" are carried out, which are audits performed on site by Naturgy employees or external consultants. In 2024, 24,371 documented safety inspections have been carried out on suppliers of the Group and in 14.53% of these inspections, deviations have been detected which generated the corresponding corrective actions in 100% of the cases for their resolution.
Performance on climate matters	Naturgy contractually requires suppliers categorised as high risk in climate change and with a large volume of contracted purchases to report annually, through questionnaires on the CDP Supply Chain platform, their degree of performance in climate matters, thus involving suppliers in the improvement of their environmental impacts. In 2024, a total of 254 Naturgy suppliers have been invited to report their information through CDP Supply Chain.

In addition, ESG audits and performance monitoring are conducted. Audits are used to assess suppliers classified as having a high ESG risk level on-site, while follow-ups are used to monitor various aspects in terms of quality, health and safety, operational and ESG (for more details, see the section "Actions to manage negative and positive impacts" in the chapter Workers in the value chain).

For suppliers in critical purchasing categories with current awards, self-assessment and quality control mechanisms are agreed upon prior to the delivery of products or services. The categories that are considered critical are those that present a high risk in terms of quality, health and safety. Likewise, equipment calibration control is carried out and it is verified that personnel who carry out high-risk activities are authorised or certified to perform them, and accreditations or identifications are granted.

Additionally, products corresponding to critical categories are subject to on-site inspections, technical acceptance and Factory Acceptance Test (FAT) carried out by Naturgy employees or by consultants hired at the production centres, and in some cases, at non tier 1 suppliers.

Training an development of suppliers

Naturgy's Corporate University, through its Extended Academy (EA), provides a training offer, both technical and managerial, to external collaborating companies, customers and suppliers. This encourages the improvement of operational efficiency, the incorporation of innovative methodologies and the development of skills aimed at excellence in operations and service.

In this way, the EA contributes to the establishment of a common planning and management model, favouring the professionalisation of the companies participating in Naturgy's value chain, with a recurrent activity of more than 13,556 participants per year and more than 39,242 hours of training. The unique participants in 2024 have been 6,789. For further information, see the section "Actions for the management of negative and positive impacts" in the chapter "Workers in the value chain".

This specific training action is in addition to other training and knowledge dissemination actions aimed at employees who are part of the procurement teams. One example is the specific training sessions that employees received following the introduction of the progressive valuation of the carbon footprint of suppliers in tendering processes, as this entails changes in the procurement process and its implications. These training programmes are conducted on a recurring basis with the aim of ensuring the effective application of sustainability principles among the company's buyers and internal teams involved in purchasing decisions, in order to provide essential knowledge on the design of sustainable strategies, taking into account the potential impacts on society and the environment.

In addition, during 2024, Naturgy, on behalf of the RePro community of which the company is part, participated in the 'Sustainability Forum: Q&A between suppliers and buyers' during the celebration of the I ESG Awards Day, organised by Achilles. These awards have the objective of recognising suppliers who stand out in their commitment to sustainability. This event was attended by all suppliers of Naturgy Spain.

Finally, the relationship with strategic suppliers is managed in order to strengthen alliances, in an environment of collaboration and efficiency, by sharing information , aligning strategies, seeking continuous improvement and fostering innovation.

Average supplier payment period

[G1-2_01] Although Naturgy does not currently have a formalised policy to avoid delays in payments, particularly to SMEs, company has various internal procedures in place to ensure the optimal functioning of payment to third parties.

As explained at the beginning of this section, Naturgy has established contracting conditions that regulate the contractual relations between the companies of the Group and its suppliers. These apply to the contracting of works and services or the acquisition of materials and equipment. They consist of a general part applicable in all countries and a specific part corresponding to each country, available on the corresponding web pages.

These terms and conditions set out in the country-specific parts, inter alia, the nature of the defined payment conditions and, in any case, comply with the legally established conditions.

In addition, Naturgy has internal regulations that establish the management and authorisation criteria and requirements to proceed with the payment of invoices to suppliers. As a general criterion, payment of invoices is made by bank transfer, by the previously planned payment chains, according to the date agreed in the contract or, failing that, two months from the invoice date. In those cases in which a delay may occur, due to Naturgy's internal processes, resulting in a delay in payment, the regulations allow early payment to be managed.

In addition to the regulatory aspects and contractual conditions, Naturgy supports its supplier relations process with various technological tools that help to make the processes more agile and reduce the risk of errors or administrative delays.

The company also publishes annually in Note 20 to the consolidated report, which forms part of the Annual Consolidated Financial Report, the average payment period to suppliers, which is prepared in accordance with Law 15/2010, which establishes measures to combat late payment in commercial transactions, as well as with the amendments established in Law 18/2022, of 28 September, on the creation and growth of companies.

Prevention and detection of corruption and bribery (G1-3)

In accordance with the information provided in the sub-section on 'Corporate Culture' of this chapter, the Anti-Corruption Policy establishes the principles that should guide the behaviour of all employees and managers of Naturgy's companies in the event of any corrupt practice within the company. In this way, it complies with national and international legislation on this matter through: prevention, detection, investigation and remedy.

Anti-fraud and anti-corruption plans

Anti-fraud and anti-corruption plans, in addition to their preventive nature, help to reduce risks such as internal fraud and theft of relevant company material and information. They also generate positive impacts, such as reducing corruption, through communication and training on anti-corruption policies and procedures, in order to reinforce the culture of ethics and integrity in the company.

[G1-3_01] Naturgy has the following procedures and actions in place in order to ensure the proper implementation of the Anti-Corruption Policy, and to prevent, detect and address cases of corruption or bribery:

- Monitoring of the operation and assessment of the effectiveness of the organisation, control and compliance models implemented in the different corporate and business areas of Naturgy, especially the Crime Prevention Model (for further details, see the "Corporate culture" subsection of this chapter).
- Employees, as well as Naturgy's stakeholders, have at their disposal channels so that they can bring to the attention of the Ethics and Compliance Committee any non-compliance or irregular or suspicious behaviour in this area. the compliance unit, together with the internal audit, people and organisation or other areas of the company whose intervention is required, carry out the relevant investigations arising from reports of corruption and bribery. If the reported behaviour is confirmed, and in application of the Operating Regulations of the Code of Ethics Channel or the Management Procedure of the Internal Reporting System for the infringements referred to in article 2 of Law 2/2023, the imposition of sanctions and the adoption of the corrective measures deemed appropriate are envisaged.

- [G1-3_05] In 2024, the periodic Declaration of Compliance was launched through which, every two years, all Naturgy Group employees must formally state that they are aware of and comply with the principles established in the Code of Ethics, Compliance Policy and Anti-Corruption Policy. It should also be noted that the aforementioned declaration is annual for those employees considered especially exposed either by their area of dedication or by the position they hold in the company. In addition, all employees have access to both the Code and the indicated Policies through Naturgy's website or the Intranet.
- The training actions carried out on corruption and bribery have been carried out by 98.30% of the workforce in Spain and 81.34% of the total Group (for more details see the sub-section "Corporate culture").
- Business Courtesies Policy: the purpose of this policy is to regulate the conditions under which Naturgy's directors, managers and employees may accept/offer business hospitality from/to third parties within the framework of the performance of their professional duties, which are legitimate, reasonable, proportional and appropriate to the level of the offeror and the recipient, so as to ensure effective compliance with the principles of objectivity, impartiality and transparency established in the Code of Ethics and in Naturgy's Anti-Corruption Policy. The Policy is established as a basic framework for anti-bribery compliance in accordance with the international standard UNE-ISO 37001, on anti-bribery management systems.
- Conflict of interest policy that seeks to establish mechanisms to identify situations of conflict of interest in order to minimise it so that it does not become a risk of fraud and corruption.

[G1-3_03]] The Compliance unit provides regular reports to the Ethics and Compliance Committee and the Audit and Control Committee (delegated committee of the Board of Directors) on the dissemination of and compliance with the Anti-Corruption Policy.

[G1-3_02] Finally, it is important to note that both the investigators and the relevant investigative committee will always be separated from the management chain involved in the matter, whether by corruption and/or bribery.

Confirmed incidents of corruption or bribery (G1-4)

[G1-4_01] [G1-4_02] During 2024, no convictions or fines related to violations of anti-corruption and anti-bribery laws were recorded.

[G1-4_03] Naturgy carries out informative actions and training sessions, both for its own employees at risk and for other employees in order to prevent breaches in the procedures and rules for fighting corruption and anti-bribery (see the sub-section "Corporate culture" of this chapter).

[G1-4_04] During the financial year 2024, the company received 27 complaints through the Code of Ethics Channel concerning corruption and bribery or fraud. Of the complaints received and closed during the financial year, a total of 24, 14 have been estimated. Of these, following the investigations carried out by the corresponding investigation teams, 8 cases of internal fraud and 8 cases of corruption and bribery have been confirmed and remediation measures have been adopted in this area.

Actions for corruption and bribery breaches

[G1.MDR-A_01-12] [MDR-A_01][MDR-A_03] The actions taken to address breaches of anti-corruption and anti-bribery procedures and standards are set out below.

[MDR-A_05] Actions taken in 2024 (time horizon to be confirmed) as a result of cases detected as breaches of anti-corruption and anti-bribery can be summarised as follows:

- Specific internal audit plans in those areas where failures in existing controls or processes have been detected.
- Application of sanctions to contractors in application of the contracts signed with them, if the infractions have been committed by these third parties.

- Plans to improve processes and controls in order to make the control system more robust.
- Training and awareness-raising actions.

[MDR-A_02] The scope of the measures has been focused on those businesses and geographical locations where control weaknesses have been detected.

[MDR-A_06][MDR-A_07][MDR-A_09][MDR-A_10][MDR-A_11][MDR-A_12] In economic terms, the actions disclosed require a financial contribution from Naturgy in the form of capital investments and associated operating expenses is not significant, and is consolidated in larger economic items, since at accounting level it is very difficult to provide individualised details of these items.

Political influence and lobbying activities (G1-5)

The enormous challenge of the energy transition cannot be tackled unilaterally; involving other actors, such as business associations, is a relevant element in achieving the company's objectives.

Under this premise, Naturgy prioritises participation in initiatives that support the company's values and purpose in general, and that defend positions consistent with the Paris Agreement in particular.

[G1-5_01] The General Director of Public Affairs and Sustainability, within the administrative, management and supervisory bodies, is responsible for overseeing political lobbying activities.

[G1-5_11] With regard to the appointment as a member of the administrative, supervisory and management bodies of persons who may have held a comparable position in the public administration in the two years prior to the financial year 2024, this circumstance has not occurred.

The company participates in entities and initiatives of different nature, whether industrial or sectoral associations, business associations not exclusive to the energy sector, associations focused on sustainability and environmental issues, chambers of commerce, think tanks, professional associations focused on technical aspects and foundations and associations that promote culture and knowledge.

Since 2019, Naturgy has had an Institutional Relations Policy which, among other matters, regulates its participation in this type of entities and associations.

Naturgy annually allocates resources to form part of and actively collaborate in associative entities whose objectives include transferring positions and information that contribute to the construction of public policies and regulations. At the end of 2024, Naturgy had more than 220 relevant participations in 15 countries and an annual investment equal to 2,911,550 euros.

Among the company's main stakeholders are the World Economic Forum, Sedigas, the Real Instituto Elcano and the Spanish Chamber of Commerce.

[G1-5_02] [G1-5_03] [G1-5_06] [G1-5_07] In addition, it is worth mentioning that Naturgy does not make monetary or in-kind contributions of a political nature, in accordance with the provisions of principle 9 of the Group's Code of Ethics, the monetary value of which is equal to zero euros.

[G1-5_09] During the reporting period, the main issues addressed through Naturgy's activities with associated entities have been aimed at the promotion and development of investment in renewable technologies in Spain and have been as follows:

- The promotion and development of renewable gases within Spain's energy matrix.
- Encouragement of legislation to promote the deployment of biomethane plants.
- Promoting measures that benefit the process of industrial decarbonisation in Spain, making visible opportunities for the industrial sector, especially in those processes that cannot be electrified.

[G1-5_10] In order to ensure transparency in Naturgy's interactions with public and regulatory institutions, Naturgy (under the name "NATURGY ENERGY GROUP") is registered in the Transparency Register of the European Union. The identification number in the EU Transparency Register is 67833029261-54, which can be publicly consulted through the portal of the European Union register.

Payment practices (G1-6)

Naturgy manages payments to suppliers in an efficient and transparent manner, ensuring that the agreed deadlines are met in order to maintain solid and sustainable business relationships

[G1-6_01] The average payment period to suppliers in Spain refers to Law 15/2010, which establishes measures to combat late payment in commercial transactions, as well as the amendments established in Law 18/2022, of 28 September, on the creation and growth of companies. [G1-6_05] Likewise, Naturgy analyses all invoices received and takes the date of the invoice as the reference date for the start of the computation of the payment period.

	2024	2023
Average payment period to suppliers (days)	22	21

[G1-6_02] Naturgy sets the usual payment term generally at 60 days, in accordance with Law 15/2010, with the exception of international gas suppliers, gas and electricity distributors and some official bodies that require tighter deadlines.

[G1-6_03] The percentage of payments that comply with these deadlines is presented below:

	2024	2023
Payments aligned with these standard terms (%)	99.51	99.44

In the case of Latin America, the average payment period is not required by the regulations applicable to Note 20 'Trade and other payables' of the Annual Consolidated Financial Report.

[G1-6_04] Furthermore, Naturgy is committed to meeting its financial obligations in an appropriate manner and in line with the principles of business conduct and the regulations in force. During 2024, there were no legal proceedings related to payment delays.

The company's priority is to ensure that all purchases comply with the agreed terms, especially those related to SMEs, in order to strengthen relations with suppliers and other business partners. In this regard, work continues to improve control mechanisms to prevent or correct situations of non-compliance in the supplier payment chain.

It should be noted that this report does not break down data specifically for small and medium-sized enterprises (SMEs) or by type of supplier because the company's current systems do not allow this level of detail to be obtained. The company will analyse for future years what is involved in implementing the necessary technical improvements to the organisation.

05. Specific information

Cybersegurity

The process used to determine the material impacts, risks and opportunities related to cybersecurity has been the double materiality assessment, described in the chapter General disclosures of this report, section 4. Impact, risk and opportunity management, where cybersecurity has been considered as a specific subject of Naturgy. The impacts and risks identified of a material nature are presented below. No material opportunities have been identified as they are below the materiality thresholds established.

		Value chain (2)(3)	Business (4)	Time horizon (5)
OTHERS				
Cybersegurity				
N.I.	Loss of personal data due to cybersecurity breaches.	OO	Both	Current
P.I.	Ensure the right to data protection through a personal data protection policy.	OO	Both	Current
R	Increased costs and loss of trust and reputation due to security breaches of company information, both personal and critical operational information.	OO	Both	Short-term

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

Naturgy carries out actions to prevent, mitigate and repair both the current negative impacts and the possible risks that may affect stakeholders in a transversal manner.

Cybersecurity Governance

The increase in threats, both in terms of a significant increase in cyber-attacks, as well as in terms of greater sophistication and supported by technologies such as Artificial Intelligence (AI), represents a constant challenge in the field of cybersecurity in Naturgy. In addition, the company manages and provides essential services and critical infrastructures in the markets in which it operates, which makes cybersecurity management a priority issue.

In this sense, Naturgy has policies, regulations, control framework and a global cybersecurity governance system for the entire organisation.

This matter is supervised by the Board of Directors, whose directors have profiles and knowledge in the information technology sector, which favours an overall view of these matters.

Cybersecurity is managed transversally throughout the organisation through the corporate function (Global Head Chief Information Security Officer), responsible for ensuring the correct strategic alignment of the policies and regulations applicable in each of the businesses, which in turn have specific cybersecurity officers (Business Information Security Officers). The corporate cybersecurity function is spearheaded by the Chief Information Officer, who is part of Naturgy's Management Committee.

One of the pillars on which the company's cybersecurity is based is the training of people. Naturgy offers cybersecurity training to its entire workforce, including its management bodies, in order to identify and mitigate the cybersecurity risks to which its operations are exposed: For this purpose, different means are used, such as the Corporate University or the company's intranet, and different media such as webinars, training pills, courses, roleplays or live fire exercises.

In order to know its level of performance in this area, Naturgy uses, among others, the BitSight index, which allows rating the level of cybersecurity of the entity and comparing it with other companies in the sector or other areas. This indicator transforms the way companies manage information security with objective, verifiable and actionable security ratings. Naturgy closed the year 2024 with 780 points in this index, which is based on a scale of 250 to 900, with 250 being the most basic and 900 the most advanced. Naturgy is in the "Advanced" level range, which is considered from 740 onwards, being among the world leaders in the energy sector.

Finally, Naturgy maintains relations with third parties in the field of cybersecurity, such as the National Institute of Cybersecurity or the European Commission, participates in sectoral forums and collaborates with companies in the sector or others engaged in providing cybersecurity services.

Cybersecurity measures

Naturgy has a Cybersecurity Plan updated in 2024 that implements new strategies and initiatives for the transformation of cybersecurity in Naturgy, in a context where it is a priority to continue strengthening the measures already taken in previous cybersecurity plans and maintaining proactivity in the face of new demands and threats. This plan seeks to increase the prevention, protection and investigation of cyber-attacks and, accordingly, to strengthen the company's resilience in digital environments in order to ensure the protection of all Naturgy's information assets. The plan is globally applicable and is based on three fundamental pillars: people, processes and technology.

In the field of technology, and very significantly, Naturgy consolidates its operations on cutting-edge technologies following the best market practices and has a zero-trust policy that seeks to minimize the surface area of exposure to cyber threats.

In order to integrate cybersecurity into projects from the early stages, Naturgy has a technical office of security projects that helps to include cybersecurity from the conceptualisation and design of projects. These regulations are updated periodically and a series of international standards and good practices, such as ISO 27001 or national standards such as the National Security Framework (ENS), are used as a control framework.

In order to integrate cybersecurity into projects from the early stages, Naturgy has a technical office for security projects that helps to include cybersecurity from the conceptualisation and design of projects. In this way, security baselines are defined based on standards and good practices.
international.

.As regards cyber intelligence tasks, Hunting teams and CyberSOC (Security Operations Centre):

- They continue to integrate new sources of cyber intelligence, as well as new use cases aligned with the MITRE Matrix that classifies tactics, techniques and procedures used in cyber attacks to facilitate understanding of how attackers operate and how best to protect against them, thus enabling early detection.

- They integrate the latest AI trends into their cyber security operations processes.
- They carry out the study and simulation of the main cybercriminal groups and their attack trends that could pose threats to the company's operations, articulating an annual plan of controlled intrusions in processes and infrastructures.
- In addition, and as a final step in this process, the company has defined a protection plan, consisting of the mitigation of those use cases that could be exploitable on its infrastructure, thus guaranteeing the minimisation of potential damage.

Regarding the extension of the principles to the supply chain, Naturgy establishes cybersecurity criteria that are required in the processes of procurement or contracting third party services, and qualification assessments are carried out for the main suppliers that process company information.

Process and infrastructure

In the event of a cyber incident, and depending on its level of criticality, Naturgy mobilises and executes the appropriate levels of response, thus limiting its impact on the Group, the value of the share, service provision and customer confidence. It is worthy of mention that there have been no infrastructure incidents during 2024 that prevented business continuity.

Naturgy has an incident response procedure that determines how to execute the global coordination of cybersecurity incidents based on the nature and criticality of the incidents that are managed, both locally and globally.

In addition, the company has a Crisis and Technological Continuity Plan, which regulates the mechanisms to be implemented in the event of a serious security incident. These mechanisms help maintain the service level within predefined limits, establishing a minimum recovery period, analysing the results and reasons for the incident, and thus avoiding the interruption of corporate activities. The plan mitigates the financial impact and loss of critical information, as well as the reputational aspect.

Likewise, Naturgy carries out annual:

- Cybersecurity incident response simulation exercises for each of the geographies and businesses.
- Audits of the information systems infrastructure and information security management systems carried out by an external company in connection with the audit of accounts.
- A critical infrastructure applicability statement in line with the 2022 NIS2 Directive and the National Security Framework (ENS).
- A cyber assessment for each business and geography, which allows the company to evolve its level of maturity year after year, proposing and executing new lines of improvement.
- Technical audits of the main suppliers.

Innovation

Naturgy conceives innovation as an indispensable tool in the development of new energy solutions that enable progress in the energy transition and combat climate change, as well as evolving towards technological solutions that promote the simplification of processes, cybersecurity and data management, with digitalisation also being a fundamental pillar for achieving the company's objectives.

Naturgy has assessed this matter in the framework of its materiality assessment,materiality assessment described in the General disclosures chapter, section "IRO-1 Description of the process for determining and assessing material impacts, risks and opportunities", as a entity-specific topic, and has concluded that it is material from a financial perspective and only for own operations, as reflected in the table below.

		Value chain (2)(3)	Business (4)	Time horizon (5)
OTHERS				
Innovation				
O (1)	Reduced costs and carbon footprint due to investment in the development of new technologies.	OO	Both	Current
	Development of innovation projects to favour the energy transition in renewable gases, energy efficiency, sustainable mobility, etc.	OO	Both	Current

NOTES:
(1) The following notations have been used: positive impact (P.I.), negative impact (N.I.), risk (R) and opportunity (O). Negative and positive impacts refer to Impact materiality, and risks and opportunities reder to Financial materiality.
(2) The following notations have been used: own operations (OO); value chain (VC)
(3) The "Upstream" and "Downstream" stages correspond to those defined in the section “Naturgy and its value chain”. The term “VC” has been used in cases where the impact, risk or opportunity applies to both stages.
(4) The possibilities “Gas”, “Electricity” and “Both” are included to indicate the relationship between each impact, risk or opportunity and the company's business model.
(5) Impacts under the “Current” category are those that have occurred the present year, and thus no time horizon applies.

To take advantage of the opportunities identified in the analysis, Naturgy has designed an innovation model based on weaving collaboration networks with the ecosystem, which allow it to respond to the complexity of the environment and solve challenges in an agile and efficient manner.

The innovation model aimed at generating and developing new solutions or businesses is based on the following pillars:

- **Innovation is collaborative and ope**n, able to respond quickly to signals of change in the environment and evolve in complicated scenarios, able to transform mistakes into learning, and projecting the future by understanding the past and observing the present.
- **Innovation is a key lever for growth**, as it enables the incorporation of best practices, new business models and technological solutions that contribute to the digitisation, automation and optimisation of processes; guaranteeing safety, operational improvement and facilitating access to information for better decision-making. All of this, putting the consumer at the centre to provide value-added and sustainable solutions, and guaranteeing the company's competitiveness in the long term.

- **The generation of renewable gases such as renewable hydrogen or biomethan**e, for those end-uses in which electrification is neither technically nor economically feasible. Hydrogen is an efficient and immediately decarbonising solution in intensive industry or in transport. In addition, it offers great potential for energy storage and energy integration. Regarding biomethane, it is an existing technology that allows replacing natural gas with no abatement costs to adapt infrastructures or equipment for the end user, and it is also a clear example of circular economy by producing a renewable gas from organic waste. In this instance, innovation projects are aimed at optimising performance and production.
- **The optimisation of renewable energy generation** through innovative systems due to their improved energy efficiency and their ability to be integrated into the environment, at lower cost or with greater reliability. This promotes the entry of new agents into the system and the coverage of part of the energy needs of households, SMEs and public administrations.
- **The direct use of energ**y in a direct way through new manageable electricity consumption that provides flexibility, for example, in air conditioning, as well as through storage for its later use.
- **The response to increasingly atomised markets**, with small and flexible competitors, both commercially and in generation, with renewable developments closer to consumers and smaller in size.

In a transversal and complementary manner to this model, it is essential to introduce disruptive IT technologies that catalyse Naturgy's digitalisation. These technologies not only guarantee security and optimise operations but also facilitate access to quality information for more effective decision-making. All of this is geared towards value creation, ensuring the company's long-term competitiveness. Likewise, the incorporation of Artificial Intelligence acts as a disruptor in current and future innovation, enabling the automation of processes, the personalisation of services and the creation of new business models in all areas of the company.

Naturgy defines its technological strategy on the basis of digitalisation pillars in accordance with the following principles:

- **Simplicity**: is a key principle focused on:
  - **Simplified Processes:** reduction of complexity in internal processes to improve operational efficiency.
  - **Agile Projects**: rapid implementation of projects using agile methodologies that allow rapid adaptation to changes in the environment.
- **Cloud:** the evolution from a Cloud-first model to a Cloud-only model is essential to ensure:
  - **Modular Solutions:** development of solutions that can be easily adapted and scaled according to business needs.
  - **Flexibility and Scalability**: ability to adjust cloud resources and services according to demand, ensuring efficient and cost-effective operation.

    The evolution to a Cloud model facilitates the incorporation of emerging technologies such as Blockchain, IoT, Robotics, Artificial Intelligence and Edge Computing.
- **Data centric**: data management, governance and protection are essential for a successful digitalisation strategy. Naturgy adopts a global and strategic vision in its relationship with leading software manufacturers and focuses on:
  - **Data management**: implementation of Data Centric architectures, such as Data Lakes, to centralise and manage large volumes of data.
  - **Data Governance and Protection**: establishment of policies and procedures to ensure the integrity, confidentiality and availability of data.
  - **Data-driven decision making:** enhancing internal capacity to make informed, data-driven decisions.

    Robust data management and governance enables a more efficient adoption of Artificial Intelligence, an essential lever in Naturgy's digitalisation, based on the incorporation of analytical Artificial Intelligence, as well as generative Artificial Intelligence to large volumes of data to obtain insights of value for the business.

- **Cybersecurity:** this is a fundamental pillar in Naturgy's digitalisation strategy. It focuses on ensuring the protection and security of information and systems through:
  - **Information protection:** implementation of technical security measures to protect information.
  - **Systems security:** securing the technological infrastructure against threats and vulnerabilities.

To achieve the objectives set out in both fields of innovation, Naturgy has deployed a set of innovation tools based on the search for opportunities -acceleration and investment in operations- and the deployment of a portfolio of projects to broaden the company's industrial profile; start-up incubator, investment vehicles, etc.

Evolution and results

- **Investment in innovation**

Innovation investment and expenditure (€M)	2024	2023
Open innovation and technological innovation Totex	98	85
Open innovation Totex	3	6
Technological innovation Totex	95	79

Highlights of the year

- Naturgy, together with the Catalonia Energy Research Institute (IREC), is developing a new methanation technology to maximise biomethane production. After obtaining positive results in the laboratory and in the first pilot reactor at the landfill located in Mas de Barberans (Tarragona), the design of the multi-reactor pilot is being developed in order to test it in a demonstration pilot in 2025.
- Naturgy, through the agreement signed with the Ciudad de la Energía Foundation, has launched an energy storage project using second-life batteries. These batteries, from Mercedes-Benz electric vehicles, total 26 units with a total capacity of 480 kWh. Naturgy has been awarded the "first call for aid for electricity generation facilities from renewable sources in the Canary Islands" of the IDAE and launches an innovative energy storage project that uses hybrid batteries from Hesstec, combining lithium and ultracapacitors. This advanced system allows for greater efficiency and flexibility in energy management, taking advantage of the benefits of both types of storage. Lithium batteries provide high energy density, while ultracapacitors offer fast response and high durability. In addition, grid-forming converters are used to provide synthetic inertia to the system. This combination optimises system performance, ensuring a more stable and reliable energy supply, and contributing to sustainability and energy efficiency.
- Naturgy has implemented Indoorclima's air conditioning management software in the corporate building on Av. Diagonal, in Barcelona. The aim of this software is to actively control and manage the air conditioning systems, adjusting to the energy demand. In this way, it seeks to optimise energy consumption, improve operational efficiency and guarantee the comfort of the building's occupants. In addition, the use of this software allows constant and accurate monitoring of the air conditioning systems, facilitating the detection of possible incidents and their resolution in real time.

Open innovation programmes and projects

Programmes

Forumtech

Technology monitoring and competitive intelligence take place through Forumtech, involving over 140 people from the various business units and corporate areas. These groups, which have a markedly collaborative nature, share and analyse information with a comprehensive vision, bringing together the areas of: technology, commercial, regulatory, social and market aspects. Insights are generated that guide the innovation activity and contribute to the evolution and transformation of the business. They facilitate the take-up of new technologies and best practices, awakening ideas and facilitating the development of new opportunities.

Scouting y Open Innovation

During 2023 Naturgy received and analysed more than 100 opportunities for collaboration, mainly due to the work of scouting of start-ups where the company combines collaboration with the leading international scouters and active internal search. In addition, Naturgy actively participates in initiatives with other corporations in the search for solutions to joint challenges.

Connecting Energy

This year, Naturgy has successfully completed the third edition of its startup incubation programme and launched the fourth edition in September. Through this programme, Naturgy makes the knowledge and talent of its employees available to the entrepreneurial community, promoting the creation of new companies. Twelve projects are currently being promoted, with the support of a team of 34 Naturgy professionals, including mentors and specialists. Incubation allows the company to be part of the development of new business models and knowledge of new technologies, strengthening ties with the entrepreneurial ecosystem.

Innovahub powered by Naturgy

In 2024, Innovahub participates in third-party innovative projects by promoting the implementation of pilots of novel technologies created by startups, validating the technologies in an industrial environment and helping to consolidate the business projects that generate them.

In a second line of activity, Innovahub is the vehicle for testing new business models through the creation of new companies with third parties, as a venture builder.

Proyectos destacados

Greene

Naturgy and Greene have formed a partnership (W2BM) to develop a technology over the next few years to obtain renewable gas from synthesis gas for injection into the distribution network or for its use in mobility, which represents a new way to produce low-carbon gas. This is the first project of its kind in Spain for the production of synthetic bio-natural gas from the material recovery of industrial waste that is difficult to manage, thus making an important contribution to the circular economy.

During the first phase of development - including the laboratory and experimental stage, as well as the design, assembly and operation of a pilot plant - the conversion of syngas to low-emission syngas through a biological fermentation process that maximises biomethane concentration and reduces syngas conditioning needs is being investigated. This includes the construction and operation of a pilot plant located in Elche (Alicante), with a capacity to produce 2.4 kg/h with a purity of over 95%.

In a second phase of the project, an industrial-scale plant with a treatment capacity of 45,000 tonnes/year of waste will be built to produce around 6,200 tonnes/year of synthetic natural biogas.

Wildfire

Naturgy and the Australian company Wildfire have reached an agreement to research and develop a novel gasification technology to obtain high quality green hydrogen from the thermochemical treatment of a wide range of dry municipal and agricultural waste.

With this collaboration, Wildfire will operate a pilot plant in Brisbane, Australia, for the production of hydrogen for use in any application, including mobility. For its part, Naturgy will use its experience in renewable gas projects to validate the process and ensure its scalability at industrial level, with the aim of studying its implementation in Spain and Europe.

UniSieve

Naturgy and the Swiss company UniSieve have started a collaboration to develop and validate novel gas separation membranes with MOF technology for use in the biomethane upgrading or enriching process. Naturgy will use the experience gained in renewable gas projects to validate the advantages of these membranes and ensure their industrial scalability.

Sakowin

Naturgy and the French company Sakowin have reached an agreement to develop a pilot plant for a novel technology owned by Sakowin to produce hydrogen from natural gas. It is a technology based on plasma pyrolysis of natural gas that allows modular hydrogen production without the use of a catalyst. The technology captures carbon in the form of solid carbon avoiding CO_2 emissions, which can even have a high value-added in certain markets.

The development of this technology makes it possible to use existing gas infrastructure and produce hydrogen wherever it is needed from natural gas or biomethane. Naturgy, together with Sakowin, will pilot the first commercial-scale module of this 100kW technology, producing approximately 4.5 kg/h of hydrogen, equivalent to the output of a 250kW electrolyser. The pilot is scheduled to start in the first half of 2025.

Sempre-Bio

Naturgy participates in the European project Sempre-Bio, co-financed by the Horizon Europe programme of the European Commission, with the aim of testing and demonstrating new cost-effective ways to produce biomethane that facilitate compliance with the Green Deal.

The project consortium, led by Cetaqua, the Water Technology Centre in Barcelona, is an international consortium made up of companies, research centres and universities from Spain, Belgium, France, Norway, Denmark and Germany.

To achieve its goal, Sempre-Bio will create three innovation ecosystems in which, through co-creation processes, specific solutions will be proposed for each of the scenarios representative of the different situations existing in Europe with regard to biomethane production. In particular, five innovative technologies will be tested, which will contribute to diversifying the conversion technology base for biomethane production, and their replication in other facilities will be encouraged.

On the other hand, an exhaustive technological and economic assessment will be carried out to demonstrate the benefits of these solutions compared to conventional technologies, where Naturgy will have an important participation.

Edar Bens Experimental Centre

Research project developed by Naturgy, the EnergyLab Technology Centre and Edar Bens (A Coruña) for the investigation of renewable gases.

Throughout 2024, experiments have been carried out with two electrolysers with a total of 70 kW, one with alkaline technology and the other with PEM technology, and a hydraulic turbine that allows the energy use of the treated water flow, a pilot plant of 1Nm3/h biological methanation pilot plant, an experimental membrane pilot plant to separate H_2 from CH_4 and an experimental pressure swing adsorption (PSA) pilot plant to purify the H_2 obtained in the membrane separation plant of H_2 from CH_4.

VAutosin

Naturgy participates with the Catalonia Energy Research Centre (IREC) in a research project on the catalytic methanation process consisting of the synthesis of methane from carbon dioxide of biogenic or reused origin, and hydrogen of renewable origin. The approach stems from the experience gained in the previous CoSin project.

This project aims to rethink the current methanation technology by means of a novel reactor concept which, if successful, would allow a reduction of auxiliary equipment as well as a decrease in energy consumption, improving energy balances and economic cost.

This year Naturgy and IREC have launched the first pilot to produce renewable gas with this technology in the controlled landfill of Mas de Barberans (Tarragona). Experimental operation of the plant is underway to validate the technology developed and its business model.

Zeppelin

Naturgy participates in the Zeppelin project, which aims to investigate a flexible set of technologies for the production and storage of green hydrogen by alternative routes to water electrolysis. It develops technologies based on the use of waste and by-products, seeking to improve production costs and efficiency.

This project addresses the different technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and H_2 storage, establishing new models for obtaining green hydrogen complementary to electrolysis with renewable energies, integrated into a decarbonised energy model under the principles of the circular economy and digitalisation.

Naturgy is leading the research and optimisation of H_2 production from thermochemical techniques, for which it is studying the gasification process from waste and the separation and purification processes of H_2 and syngas. This year, an experimental gasifier has been commissioned at Energylab's facilities and the test programme has started using mixtures of lignocellulosic waste together with WWTP sludge to study the optimal process conditions in terms of syngas quality (feed rate, temperature, gasifying agent, use of additives, etc.).

In addition, this year saw the design of a sorption enhanced water gas shift (SEWGS) that will be built and integrated into the plant to purify the syngas-to-hydrogen stream.

The Zeppelin project consists of a consortium of eight companies and has a duration of approximately 38 months, with completion expected in early 2025. It is subsidised by the Centre for the Development of Industrial Technology (CDTI), within the framework of the 2021 call of the Science and Innovation Missions Programme (Recovery, Transformation and Resilience Plan). The project is funded by the European Union through the Next Generation EU Fund.

Sungreen

Naturgy will promote disruptive green hydrogen production technologies through a novel electrolysis technology in collaboration with the startup Sungreen.

The aim of this project is to design, build, install and test a 50 kW prototype electrolyser to validate the technology and compare the results with current commercial technologies. The Anion Exchange Membrane (AEM) technology promises a number of efficiency improvements and considerable cost reductions due to the reduced need to use scarce and exhaustible materials, such as noble metals. It is also a technology that is easily adaptable to the variability of renewable energies, allowing for great flexibility and rapid response.

As part of this development, a 2 kW prototype has been installed at the Instituto Tecnológico de Canarias facilities and its characteristics have been validated and optimised, which will allow the final design of the 50 kW electrolyser.

Second life battery project

Naturgy, in collaboration with the Ciudad de la Energía Foundation (CIUDEN), completed, in 2024, the installation and commissioning of an energy storage system based on second-life batteries from Mercedes-Benz electric vehicles. These batteries had been discarded at the factory due to temporary degradation and withdrawn from circulation after use on the roads. The project addresses one of the great challenges of the future: finding a new use for end-of-life batteries from electric vehicles, a waste that is destined to grow significantly in the coming years.

As part of this project, 480kWh of energy storage capacity has been installed using these second-life battery systems. Over the next two years, extensive tests will be carried out to analyse how the batteries behave in different situations, such as peak shaving, optimisation of solar self-consumption, price arbitrage in the energy market and other applications. These tests will provide information on the degradation and performance of batteries under different usage scenarios, helping to determine their long-term viability and efficiency.

BESS El Escobar

Naturgy has launched an innovative energy storage project in the Canary Islands (Spain) that uses a hybrid battery system, combining lithium and ultracapacitors. This advanced system allows for greater efficiency and flexibility in energy management, taking advantage of the benefits of both types of technologies. Lithium batteries provide high energy density, while ultracapacitors offer fast response and high durability. The hybrid system includes a local control module for the batteries and the ultracapacitors, with a control layer called UCMS (UCAP Management System) for the ultracapacitors due to their greater need for real-time control and processing speed.

The main objective of this project is to optimise the performance of the energy storage system, ensuring a more stable and reliable supply. The advantages of the system include improved transient stability, black start capability, and islanding. In addition, the system enables energy management to maximise the integration of renewable energies and provides frequency and active and reactive power control services at the connection node, as well as the capacity to provide synthetic inertia thanks to the grid-forming converters. This project contributes to sustainability and energy efficiency and was awarded in the first call for IDAE grants for energy storage in the Canary Islands.

Technological innovation programmes and projects

Cross-cutting initiatives

Below is a set of initiatives that reflect Naturgy's commitment to technological innovation and digital transformation, ensuring transversal cooperation throughout the group.

SM@RT Latam expansion and New corporate modules

The SM@RT project transforms Naturgy's corporate and business processes to simplify, standardise and digitise key areas such as budgeting, investment and expenditure tracking, treasury, general accounting, monthly/annual closings and consolidation. The main actions include:

- Elimination of paper-based administrative processes.
- Automation of analytical reporting.
- Digitisation of the procurement process.
- Access to financial and accounting information from any digital platform.

To achieve this transformation, standard solutions such as SAP HANA, SAP Ariba, SAP Analytics Cloud will be implemented. The project is executed in agile format and in public cloud, aligned with the global strategy of Cloud Only. Extension of the initial scope of SM@RT with the deployment of a new financial planning and consolidation system based on SAP BPC, and the implementation of two SAP GRC (Governance, Risk and Compliance) modules: Audit Management and Risk Management.

Trip To Cloud

Naturgy accelerates its 'Cloud First' strategy to offer greater flexibility and scalability in IT. This strategy fosters innovation, provides access to recent technologies and improves efficiency in the development of digital applications.

Cybersecurity

New strategies to strengthen cybersecurity in Naturgy that later lead to actions included in the company's Cybersecurity Plan. Structural measures are addressed in processes, people and technology to respond to growing cyber threats. This project, defined by the IT department, ensures a resilient organisation in the face of new threats.

FactorIA & Digital Academy

Naturgy has created FactorIA as the reference centre to drive the adoption of Artificial Intelligence (AI). FactorIA's strategy is based on three key principles: Train, Do and Promote.

- **Training**: Through the Digital Academy, employees are trained in digital skills and develop competent profiles in data, technology and AI.
- **Do**: Initiatives are promoted for the adoption and development of Data & AI projects. The lines of action include identifying use cases, carrying out PoCs, providing a technological and methodological framework, and collaborating with startups and AI experts.
- **Promote:** Naturgy uses channels such as the dataHub community, with more than 1,200 active members, and FactorIA, to disseminate and arouse interest in Data & AI. The purpose is to facilitate access to new AI tools for all employees.

These initiatives reflect Naturgy's commitment to technological innovation and digital transformation, ensuring transversal cooperation throughout the group.

Initiatives applied in business

Commercialisation

NewCo Project

The NewCo project is a comprehensive initiative that seeks to improve Naturgy's digital tools and optimise customer management. This project includes the development of a new digital platform, the implementation of a customer relationship management (CRM) system and the creation of a mobile application. The digital platform will feature a modern design, improved navigation and advanced functionalities to provide a better user experience. The CRM will enable Naturgy to manage customer interactions more effectively, while the mobile app will facilitate access to Naturgy's services from anywhere.

The project also encompasses new digital capabilities in the residential front-end CRMs and the implementation of a new energy management and billing system for large customers.

Electricity Networks Spain

Smart Grids

IoT (Internet of Things) sensorisation of network assets enables remote monitoring of the electricity grid.

Through the installation of different types of low-consumption sensors, it is possible to know the status and maximum capacity of the network at all times, through real-time monitoring and analysis of parameters such as cable temperature, ambient temperature and humidity. We also identify different patterns of vibrations produced in the power lines, in order to locate the cause and the exact location of the incidents.

In this way, it is possible to rationalise the use of the infrastructure and intervention times in a more precise way in the face of scenarios of dynamic variations in the load it supports, in order to achieve maximum efficiency, while avoiding saturation of specific points of the electricity grid.

In low voltage, it takes advantage of the remote management infrastructure deployed and is integrated with other monitoring elements in the transformer substations to detect overloads, undervoltages or overvoltages before faults occur, and thus intervene to prevent them from occurring. And if a fault does occur, to see whether it is an individual fault or whether it is a fault affecting a section of the low-voltage network. In this way, problems that generate calls from customers are anticipated, the time it takes to restore service is reduced, as well as the journeys made by field personnel.

Thermal Generation Spain

Remote Operation in Conventional Generation

Remote operation of the combined cycle plants from a single control centre, designed to respond to peaks in demand for simultaneous starting and stopping of cycles, in a much more homogeneous and structured way than is possible on a plant-by-plant basis. It is a tool that provides a great deal of flexibility in demand and also efficiency.

The Sagunto CCR Project is an initiative that aims to implement the real-time remote operation of Naturgy's combined cycle plants in Spain, from the Remote Control Centre (RCC) located in the Sagunto power plant (Valencia).

The aim of the project is to optimise and standardise the operational processes of the cycles, given that the CCR has a global vision of the functioning of all of them, which allows it to improve its operations.

One of the challenges of the project has been to manage to implement in a single SCADA the different technologies of origin of the turbogroups, starting from very different SCADAs in terms of design and standardisation, having to adapt them to the standard created for the RCC and provide the operator with a single environment.

Work has also been done on efficient, redundant and secure communications to optimise the reliability of the operation from the RCC.

To do this, improvements had to be made to the communications networks, the configurations of the cybersecurity systems had to be modified, and at the end of the whole process, the necessary tests had to be carried out to validate the correct functioning of the system.

Renewable Generation

MOIRA

The objectives of the digitalisation project were to automate the process of extracting, processing and exploiting the electricity grid capacities published by the agents, to manage the singularities of the data offered by these in an efficient manner and to develop an advanced report by means of an interactive map for the simple exploitation of the data, in such a way that grid capacity opportunities can be identified for possible electricity generation projects.

All of this is based on a technological solution with the following characteristics:

- High availability.
- Scalability.
- Minimise downtime.
- Integration in Naturgy's network.
- Cybersecurity.
- Monitoring of services (Observability).
- Cost reduction.

SIBILA

It is a system based on Generative AI that has the capacity to interpret the information published in portals (BOE and Regional Bulletins) where documentation is stored regarding the status and authorisation permits for renewable plants.

Additionally, it includes the ingestion, treatment and processing of information through reporting tools, facilitating strategic analysis and the search for new development opportunities.

06. Disclosures stemming from other legislation (Law 11/2018)

Information on social and personnel issues

For the purpose of optimising the management of Naturgy's workforce and improving the traceability of information, a new distribution of professional categories has been implemented, aligned with the needs of the company. This approach avoids the need to adapt the organisational structure to groupings that do not reflect natural operations, allowing for more efficient and accurate management.

On the other hand, in compliance with the guidelines of the Spanish National Securities Market Commission (CNMV), the Senior Management group has been identified and differentiated.

As a result, the new professional groupings established are as follows:

- **SM (Senior Management)**, in accordance with CNMV criteria, is considered to be the Executive Chairman, in relation to his executive functions, and the executives who report directly to the Board of Directors, its Committees or the Executive Chairman.
- **EX (Executives)**, which includes strategic and operational management positions.
- **MM (Middle Management)**, corresponding to the middle management level.
- **NCBA (Staff not covered by collective bargaining agreement)**, other workers whose employment relationship is not referenced to the collective bargaining agreement.
- **CBA (Staff covered by collective bargaining agreement)**, workers whose employment relationship is governed by collective bargaining agreements.

This classification responds to the need for a clear and transparent structure that facilitates both internal management and regulatory compliance.

In addition, the headcount data at 31 December shown below differ from those in Note 25 of the Annual Consolidated Financial Report. Note 25 shows the consolidated workforce (6,941), whereas this report shows the managed workforce (6,812). The difference between the two is the number of employees in Spain of joint operation entities (-141 employees) and the number of employees at the coal-fired plants (+12 employees).

- **Distribution of employees by country, gender and professional category (%)**

2024

	Senior management		Executives		Middle management		NCBA		CBA	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Argentina	0.0	0.0	0.2	0.0	0.3	0.1	1.7	1.4	6.9	1.8
Australia	0.0	0.0	0.0	0.0	0.1	0.0	0.4	0.0	0.0	0.0
Brazil	0.0	0.0	0.2	0.2	0.1	0.0	0.5	0.4	2.3	1.4
Chile	0.0	0.0	0.2	0.0	0.2	0.1	0.1	0.0	4.9	2.6
Costa Rica	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Spain	0.2	0.1	3.5	2.3	2.1	1.1	6.7	6.5	22.9	11.7
USA	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.4	0.2	0.4	0.2	0.6	0.2	5.8	2.8
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Panama	0.0	0.0	0.2	0.1	0.2	0.1	1.0	0.8	1.2	0.6
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dominican Rep.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.2
Total	**0.2**	**0.1**	**4.8**	**2.9**	**3.4**	**1.7**	**11.3**	**9.5**	**44.8**	**21.2**

2023

	Senior management		Executives		Middle management		NCBA		CBA	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Argentina	0.0	0.0	0.2	0.0	3.3	0.1	1.7	1.3	7.1	1.9
Australia	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.0	0.0
Brazil	0.0	0.0	0.2	0.2	0.2	0.0	0.5	0.5	2.3	1.3
Chile	0.0	0.0	2.5	0.0	0.2	0.1	0.1	0.1	5.1	2.4
Costa Rica	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
Spain	0.2	0.0	3.5	2.0	2.2	1.1	6.6	6.3	23.4	11.8
USA	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Luxembourg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.3	0.1	0.4	0.2	0.6	0.2	5.8	2.5
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Panama	0.0	0.0	0.1	0.1	0.2	0.1	1.0	0.8	1.2	0.6
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Puerto Rico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dominican Rep.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.2
Total	**0.1**	**0.0**	**4.7**	**2.5**	**3.6**	**1.7**	**11.2**	**9.4**	**46.0**	**20.8**

- **Number of contracts by gender and type at 31 December**

	2024			2023[1]		
	Male	Female	Total	Male	Female	Total
Indefinite full-time	4,279	2,315	6,594	4,389	2,261	6,650
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**4,279**	**2,315**	**6,594**	**4,389**	**2,261**	**6,650**
Temporary full-time	119	99	218	127	106	233
Temporary part-time	0	0	0	0	0	0
Total temporary	**119**	**99**	**218**	**127**	**106**	**233**
Total full-time	**4,398**	**2,414**	**6,812**	**4,516**	**2,367**	**6,883**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

(1) Note: The figure for 'Men' and 'Women' in 2023 is restated because three women have been identified as being assigned the wrong gender in systems.

- **Annual average of contracts by gender and type**

	2024			2023[1]		
	Male	Female	Total	Male	Female	Total
Indefinite full-time	4,364	2,294	6,659	4,465	2,247	6,712
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**4,364**	**2,294**	**6,659**	**4,465**	**2,247**	**6,712**
Temporary full-time	125	104	229	131	102	233
Temporary part-time	0	0	0	0	0	0
Total temporary	**125**	**104**	**229**	**131**	**102**	**233**
Total full-time	**4,489**	**2,399**	**6,887**	**4,597**	**2,349**	**6,945**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

(1) Note: The figure for 'Men' and 'Women' in 2023 is restated because three women have been identified as being assigned the wrong gender in systems.

- **Number of contracts by age and type at 31 December**

	2024				2023			
	< 30 years	30-50 years	> 50 years	Total employees	< 30 years	30-50 years	> 50 years	Total employees
Indefinite full-time	380	4,049	2,165	6,594	316	4,328	2,006	6,650
Indefinite part-time	0	0	0	0	0	0	0	0
Total indefinite	**380**	**4,049**	**2,165**	**6,594**	**316**	**4,328**	**2,006**	**6,650**
Temporary full-time	65	150	3	218	87	143	3	233
Temporary part-time	0	0	0	0	0	0	0	0
Total temporary	**65**	**150**	**3**	**218**	**87**	**143**	**3**	**233**
Total full-time	**445**	**4,199**	**2,168**	**6,812**	**403**	**4,471**	**2,009**	**6,883**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

- **Annual average of contracts by age and type**

	2024				2023			
	< 30 years	30-50 years	> 50 years	Total employees	< 30 years	30-50 years	> 50 years	Total employees
Indefinite full-time	354	4,189	2,115	6,659	284	4,490	1,939	6,712
Indefinite part-time	0	0	0	0	0	0	0	0
Total indefinite	**354**	**4,189**	**2,115**	**6,659**	**284**	**4,490**	**1,939**	**6,712**
Temporary full-time	80	146	3	229	88	142	3	233
Temporary part-time	0	0	0	0	0	0	0	0
Total temporary	**80**	**146**	**3**	**229**	**88**	**142**	**3**	**233**
Total full-time	**434**	**4,335**	**2,118**	**6,887**	**372**	**4,632**	**1,942**	**6,945**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

- **Number of contracts by professional category and type at 31 December**

2024

	Senior management	Executives	Middle management	NCBA	CBA	Total
Indefinite full-time	17	527	344	1,408	4298	6594
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**17**	**527**	**344**	**1,408**	**4,298**	**6,594**
Temporary full-time			6	10	202	218
Temporary part-time	0	0	0	0	0	0
Total temporary			**6**	**10**	**202**	**218**
Total full-time	**17**	**527**	**350**	**1,418**	**4,500**	**6,812**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

2023

	Senior management	Executives	Middle management	NCBA	CBA	Total
Indefinite full-time	11	493	361	1,391	4,394	6,650
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**11**	**493**	**361**	**1,391**	**4,394**	**6,650**
Temporary full-time	0	0	3	22	208	233
Temporary part-time	0	0	0	0	0	0
Total temporary	**0**	**0**	**3**	**22**	**208**	**233**
Total full-time	**11**	**493**	**364**	**1,413**	**4,602**	**6,883**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

- **Annual average of contracts by professional category and type**

2024

	Senior management	Executives	Middle management	NCBA	CBA	Total
Indefinite full-time	16	502	362	1,408	4372	6659
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**16**	**502**	**362**	**1,408**	**4,372**	**6,659**
Temporary full-time	0	0	5	16	208	229
Temporary part-time	0	0	0	0	0	0
Total temporary	**0**	**0**	**5**	**16**	**208**	**229**
Total full-time	**16**	**502**	**367**	**1,424**	**4,579**	**6,887**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

2023

	Senior management	Executives	Middle management	NCBA	CBA	Total
Indefinite full-time	12	498	363	1,371	4,469	6,712
Indefinite part-time	0	0	0	0	0	0
Total indefinite	**12**	**498**	**363**	**1,371**	**4,469**	**6,712**
Temporary full-time	0	0	3	32	198	233
Temporary part-time	0	0	0	0	0	0
Total temporary	**0**	**0**	**3**	**32**	**198**	**233**
Total full-time	**12**	**498**	**367**	**1,403**	**4,666**	**6,945**
Total part-time	**0**	**0**	**0**	**0**	**0**	**0**

Number of layoffs by gender, age and job classification

- **Rotation index by gender and age group (%)**

	2024				2023			
	<30 años	30-50 años	>50 años	Total	<30 años	30-50 años	>50 años	Total
Hombres	1	11	4	16	3	12	14	29
Mujeres	0	12	1	13	3	12	7	22
Total	**1**	**23**	**5**	**29**	**6**	**24**	**21**	**51**

- **Rotation by professional category and gender**

2024

	Senior management	Executives	Middle management	NCBA	CBA	Total
Male	0	2	1	1	12	16
Female	0	1		6	6	13
Total	**0**	**3**	**1**	**7**	**18**	**29**

						2023
	Senior management	Executives	Middle management	NCBA	CBA	Total
Male	0	2	1	9	17	29
Female	0	1	1	6	14	22
Total	**0**	**3**	**2**	**15**	**31**	**51**

Average remuneration by age, gender and professional category

- **Average fixed and variable remuneration by professional category and gender**

					2024
	Senior management	Executives	Middle management	NCBA	CBA
Male	711,639	156,406	83,904	60,145	37,966
Female	277,717	132,495	81,496	54,211	38,031

NB: The exchange rate used is at the year end closing.

					2023
	Senior management	Executives	Middle management	NCBA	CBA
Male	771,830	153,535	79,466	55,870	35,503
Female	Confidencial	135,011	73,956	49,862	36,637

NB:
(1) NB: The exchange rate used is at the year end closing.
(2) Confidential: due to data protection law, this data is not provided as it is the remuneration of a single person.

- **Average fixed and variable remuneration by age range and gender**

			2024
	< 30 years	30-50 years	> 50 years
Male	30,000	49,081	67,572
Female	35,003	50,635	65,858

NB: The exchange rate used is at the year end closing.

			2023
	< 30 years	30-50 years	> 50 years
Male	28,303	46,827	62,368
Female	34,054	47,505	61,175

NB: The exchange rate used is at the year end closing.

- **Average remuneration of Directors (thousands of euros)**

	2024		2023	
	Male	Female	Male	Female
Executive (1)	1,100		1,100	
Independent/Proprietary	236	251	236	251

(1) It does not include remuneration for executive functions

Organisation of the work

- **Total lost hours (Absenteeism)**

	2024	2023
Argentina	25,284	26,312
Brazil	10,631	10,041
Chile	37,107	34,389
Costa Rica	1,096	64
Spain	202,771	186,706
Mexico	11,760	9,372
Panama	1,915	2,388
Dominican Republic	1,256	2,596
Total	**291,820**	**271,868**

Health & Safety

- **Health & Safety indicator**

	2024			2023		
	Male	Female	Total	Male	Female	Total
No. of recordable accidents (No. of employees)	12	2	14	10	3	13
No. of lost time accidents (No. of employees)	10.00	2.00	12.00	7.00	2.00	9.00
Recordable accident frequency rate per 1 million hours worked(TRIR)	1.36	0.43	1.04	1.11	0.65	0.95
Lost time accidents frequency rate (per million hours worked)	1.14	0.43	0.89	0.78	0.43	0.66
Lost time accidents severity rate (per million hours worked)	47.63	2.76	32.00	38.57	7.60	28.10
Occupational illnesses	5	0	5	9	0	9

Training

- **Training hours per employee**

	2024	2023
Senior management	322	90
Executives	34,947	22,230
Middle management	16,716	13,400
NCBA	179,771	170,230
CBA	59,636	59,516
Total	**291,391**	**265,465**

Note: Training data only includes companies with access to SuccessFactors and companies in Chile. All of them represent 92.7% of the total workforce reach.

Information on respect for human rights

Due diligence includes the ongoing analysis of human rights risks and their consequences, both in own activities and in business dealings. This includes establishing commitments and assigning responsibilities, supervising and monitoring the implementation of the policy, training people in the company and correcting any malpractice.

To monitor these risks, the heads of each area of the company carry out periodic assessments of the risks identified according to their level of management.

Each area of the company is responsible for complying with the Global Sustainability Policy. Knowledge is strengthened through mandatory training, seminars and information sessions.

Naturgy engages the resources necessary to guarantee the effective implementation of this policy. In this regard, the company regularly analyses the human rights issues that are applicable to its activity and will introduce mechanisms that enable it to assess the risk of breach of these in the environments in which it operates.

The company introduces specific measures for management of potential impacts and risks to human rights from the projects and investments, and will ensure that sufficient resources are targeted at the implementation of the corrective measures identified. More detailed information can be found in the chapter Affected communities, sub-section "Actions to manage negative and positive impacts".

In the due diligence processes prior to the formalisation of collaboration agreements, Naturgy assesses the human rights policies and practices of its counterparties. During 2022, an analysis tool was successfully implemented, including a human rights risk assessment of counterparties. More detailed information can be found in the chapter Business conduct in the subsection on "Corporate culture".

In addition, in the evaluation of suppliers, human rights practices are considered and suppliers may be excluded if they do not comply with the ethical standards set out in the Supplier Code of Ethics, which includes issues relating to respect for human rights, in particular those related to:

- Eliminating of all forms of forced or compulsory labour.
- Child labour.
- Respecting indigenous communities and traditional ways of life.
- Respecting people in general.

In this way, Naturgy establishes prevention mechanisms with regard to the third parties with which it establishes business relations so that the company's principles are extended to the value chain.

Any breaches of human rights are studied in accordance with the internal procedures, legal regulations and the prevailing agreements, and could give rise to disciplinary or employment measures as determined in the internal regulations and legislation, as indicated in the chapter on Business conduct, section "Business conduct policies and corporate culture".

Employees of Naturgy are obliged to report any breach of the undertakings set out in this policy to the company, confidentially and without fear of reprisals. Those people who, without being company employees, witness potential malpractice in this area through the Code of Ethics Channel (see the Business Conduct chapter, sub-section "Corporate culture").

Taxation

Tax principles and policies

For Naturgy, the company's tax policy must have well-defined basic lines, so that all the players involved are clear about all the procedures to be followed and those that will be followed. in order to avoid future contingencies

All of Naturgy's tax policies are aligned with:

- The **Naturgy's Declaration of Principles and Policies**, in which one of the commitments and principles of of its behaviour is to "adopt responsible business management practices and comply with all tax obligations in all jurisdictions in which the company operates, accepting the commitment to accountability and collaboration with the corresponding tax agencies".
- The **Naturgy Code of Ethics** establishes that "all employees of the Group must comply with the laws in force in the countries where they conduct their activities, thereby heeding the spirit and objectives of the laws and behaving ethically in all their actions".
- The **Global Tax Policy**, approved on 28 January 2025 by the Board of Directors, constitutes Naturgy's Tax Control Framework and defines the process, activities, responsibilities and key performance indicators for the group's tax strategy, implementing the provisions of Naturgy's Statement of Principles and Policies, and specifically the provisions of the Capital Companies Act, according to which the determination of the tax risk control and management policy is a non-delegable power of the members of the Board of Directors.
- The **Code of Best Tax Practices (CBTP)**, approved on 20 July 2010 by the Plenary session of the Large Companies Forum, a body established by the Spanish National Tax Agency with Spain's largest companies, including Naturgy Energy Group, S.A. The CBTP contains recommendations by the tax authorities, which Naturgy has adopted voluntarily, that are aimed at improving the application of the tax system by enhancing legal certainty, reducing litigation, fostering mutual co-operation based on good faith and legitimate trust, and the application of responsible tax policies.

Organisational principles ensure that the tax function is carried out in a global (with responsibility for all the Group's tax matters in the various management areas), integrated (with a single criterion) and professional (expert teams) manner.

Global Tax Policy

The main lines of the Global Tax Policy are as follows:

- Clearly defined tax governance.
- Procedures for controlling the tax risk arising from Compliance.
- Procedures for assessing and controlling tax approaches where there is uncertainty.
- Oversight of the performance of the Tax Control Framework.
- Regular reporting of the tax situation to the Board of Directors.

The global and integrated responsibility for the tax function is centralised in the Taxation unit. The whole Group has common tax policies to enable the correct functioning and coordination between the company's different tax units. In this way, they are developed under a single, common criterion, without prejudice to the peculiarities of each business and jurisdiction.

In order to perform these functions correctly, the tax units, both corporate and business, have teams with academic and practical training in accounting, financial and tax matters that enable them to carry out their tasks satisfactorily.

Tax strategy

Through the Audit Committee, the Board of Directors is responsible for overseeing compliance with the Group's tax strategy. At a meeting on 26 January 2019, the Board of Directors approved the Tax Strategy and Tax Risks Control and Management Policy, which sets out the basic principles governing Naturgy's tax function and the main lines of action to mitigate and guide proper control of tax risks. The basic principles governing Naturgy's Tax Strategy are as follows:

- Responsible compliance with tax obligations.
- A low tax risk profile.
- Adoption of tax treatments based on economic reasons.
- Transparency of tax information.
- Co-operation with the Tax Authorities.

Subsequently, the Board of Directors of 28 January 2025, within the framework of the review of the Group's policies, has approved an update of the document maintaining unchanged the basic principles governing Naturgy's tax strategy.

Tax Risks and Tax Control Framework

To align Naturgy's tax practices with these principles, the Group has a General Tax Control Framework Standard that has been designed in accordance with the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational companies and other best practices, both national and international, existing in the market, so that the Group can have a Tax Control Framework.

Naturgy also has a risk map that specifically identifies the tax risks and issues regarding the interpretation or application of tax law. The main matters with a tax impact are detailed in Note 21 "Tax situation" of the Annual Consolidated Financial Report 2024.

Regarding the approach to tax risks, it is worth mentioning that all uncertain tax processes (adopted or those planned to be adopted in tax returns) (which the tax authorities may not accept), are assessed by applying a predefined methodology. Based on the assessments obtained and the defined risk tolerance level, a mitigation, communication and, if applicable, approval plan is established in accordance with the procedures and authorization levels documented in the General Regulation governing the Tax Control Framework.

Additionally, in the case of transactions that must be submitted for approval by the Board and other transactions with special tax risk, the Secretary General and the Board Secretary shall inform the Board of Directors of the tax consequences before they are approved, if applicable, by the Board of Directors. The practical implementation of this section of the general rule is carried out by applying the provisions of Naturgy's General Tax Control Framework Procedure.

The compliance assessment of the fiscal governance and Control Framework takes place at year-end and prior to the preparation of the Consolidated Annual Accounts. The Board of Directors is presented with Naturgy's tax situation by the Company and Board Secretary, which includes, among other matters:

- The tax policies applied during the year.
- Tax information by country and information included in the annual financial report.
- Tax audits, litigation and tax risk mapping.
- Compliance with the obligations assumed by adherence to the Code of Good Tax Practices.
- The most relevant results of the monitoring of the functioning of the Tax Control Framework.

Finally, with regard to the mechanisms for reporting concerns, the Code of Ethics allows for queries and/or complaints about tax behaviour that is contrary to the rules or which, without being expressly regulated, any employee may consider not to be in line with the principles and good practices set out in the Code of Good Tax Practices approved by the Board of Directors.

Tax havens

The incorporation or acquisition of undertakings domiciled in countries or territories designated as tax havens must be reported to the Board of Directors via the Audit Committee.

At year-end 2024, Naturgy does not have any company in any territory considered as a non-cooperative jurisdiction, in accordance with the new regulations arising from the EU Directive 2016/1164 of the Council of 12 July 2016 and which has been implemented in Spanish domestic legislation through Law 11/2021 of 9 July, which amended the First Additional Provision of Law 36/2006 of 29 November on the prevention of tax fraud, and, specifically, the list of non-cooperative jurisdictions published in Order HFP/115/2023 of 9 February. At year-end 2023, there were no companies in any territory classified as non-cooperative jurisdictions.

Tax contribution

Naturgy attaches priority to its obligation to pay any taxes that are due under each territory's rules.

It considers, in line with the United Nations, that taxes play a fundamental role in the achievement of global development objectives in terms of sustainability and that they are a key mechanism through which Naturgy makes a very significant contribution to the economies of the different countries where it operates.

The demand for fiscal transparency is growing among investors and other stakeholders of organisations and, to a greater extent, when these organisations operate in regulated markets (e.g. the energy sector).

For this reason, Naturgy decides to share with its stakeholders the total tax burden it bears each year. To increase transparency, in this financial year 2024, it has decided to adapt the tax contribution structure it had been using in recent years, in order to reflect more accurately the tax burden borne (both direct and indirect), the costs of its management as well as the new figures approved in each country where it operates.

In this exercise, given their growing importance, in addition to taxes, other non-tax economic benefits required by the state and by autonomous/regional and local administrations are included separately, both when they represent a charge against the company's results and when they are passed on to third parties; in this case, because the management costs represent an increase in the so-called indirect tax burden, which must also be considered. This exercise will be carried out progressively in other jurisdictions, for which, at this stage, a sufficiently precise breakdown is not available to carry it out in a a technically solvent manner.

On these assumptions, Naturgy's total tax contribution in 2024 amounted to 3,056 million euros (2,781 million euros in fiscal year 2023 expressed in homogeneous terms with 2024). The following table shows the breakdown of taxes and other levies effectively paid by Naturgy by country and segmented between those that represent a direct expense for the Group (called taxes and other levies that affect the result), and those that are withheld or passed on to the final taxpayer (called managed taxes), but which represent a not insignificant management cost and, at least on occasions -VAT and excise taxes- also a financial cost that is difficult to quantify:

	Taxes affecting the result						Tax and non-tax benefits and other levies affecting profit and loss						Taxes and other benefits managed										Total Tax Contribution	
	Income tax (1)		Other taxes and benefits, state, regional and local (2)		**Total**		Temporary Energy Levy		Other tax and non-tax benefits (3)		**Total**		VAT		Hydrocarbons tax and Electricity tax		Withholdings of personal income tax and social security contributions		Others (5)		Total			
	2024	2023	2024	2023	**2024**	**2023**	2024	2023	2024	2023	**2024**	**2023**	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	**2024**	**2023**
Spain	370	33	421	356	**791**	**389**	89	165	336	448	**425**	**613**	814	534	176	92	167	178	17	104	1,173	908	**2,389**	**1,911**
Argentina	11	10	12	4	**23**	**14**	0	0	0	0	**0**	**0**	15	2	0	0	0	0	0	0	15	2	**38**	**16**
Brazil	59	73	39	17	**98**	**90**	0	0	0	0	**0**	**0**	63	116	0	0	7	8	0	0	70	124	**169**	**214**
Chile	73	42	3	39	**76**	**81**	0	0	0	0	**0**	**0**	65	48	0	0	1	1	0	0	66	49	**142**	**130**
Mexico	106	63	4	4	**110**	**67**	0	0	0	0	**0**	**0**	73	88	0	0	7	44	0	0	81	132	**191**	**200**
Panama	9	14	8	6	**17**	**20**	0	0	0	0	**0**	**0**	4	3	0	0	2	0	0	0	6	3	**24**	**23**
Other Latam	13	15	2	7	**15**	**22**	0	0	0	0	**0**	**0**	2	28	0	0	0	1	0	0	2	29	**16**	**51**
Total Latam	271	217	69	78	**340**	**295**	0	0	0	0	**0**	**0**	222	285	0	0	17	54	0	0	240	339	**579**	**634**
Others	32	127	7	6	**39**	**133**	0	0	0	0	**0**	**0**	35	95	10	6	0	0	2	3	48	104	**87**	**236**
Total	**673**	**377**	**497**	**439**	**1,170**	**816**	**89**	**165**	**336**	**448**	**425**	**613**	**1,071**	**914**	**186**	**98**	**184**	**233**	**19**	**106**	**1,460**	**1,351**	**3,056**	**2,781**

(1) Income tax actually paid in the year shown in the Cash Flow Statement of the Consolidated Financial Statements and including withholdings on interest receipts (€10m). It does not include accruals. Information on the reconciliation between the income tax recorded and that which would result from applying the nominal tax rate in force in the country of the parent company (Spain) on the 'profit before tax' is detailed in Note 21 'Tax situation' of the Annual Consolidated Financial Report.

(2) Includes state, regional and local energy taxes, as well as the employer's social security contribution in Spain, and other taxes specific to each country. In Spain, these include, among others, social security contributions (€54m), property tax (IBI) (€32m), income tax (IAE) (€15m) and the 1.5% tax on occupation of the public domain (€109m).

(3) Includes items such as wind and hydroelectric taxes, air pollution tax, landfill tax, taxes related to the impact on the nature of installations, energy production and transport, as well as non-tax benefits on wind farms and photovoltaic plants at regional and/or local level.

(4) Basically includes employee withholdings and social security on behalf of the employee.

(5) Includes withholdings other than personal income tax, the financing of the Social Bonus and other items that are passed on to consumers through the bill, as well as management costs that reflect the so-called indirect tax burden.

The main difference in the tax contribution of Naturgy with respect to 2023 is mainly explained by the gradual recovery during the financial year 2024 of the general VAT tax rates in Spain, with respect to the reduction of rates applied by the Government during the financial year 2023 in order to mitigate the impact of inflation on energy prices. In addition, the gradual increase in excise taxes on electricity and electricity production should be considered, together with the consideration of the aforementioned non-tax benefits, which should make visible the specific contribution made by Naturgy to the financing of the energy transition (National Energy Efficiency Fund) and certain social expenses for the benefit of energy consumers (Social Bonds).

As for the information on revenues from sales to third parties and revenues from intra-group transactions with other tax jurisdictions in 2024, at the close of this report it is not available in a disaggregated manner by country. The information will be available for the country-by-country statement filed in December next year. For 2023 information, details are provided in the following table:

- **Revenues from sales to third parties and intra-group transactions (€M)**

		2024
Tax jurisdiction	**Third parties**	**Related entity**
Argentina	1,000	7
Australia	25	10
Brazil	1,864	4
Chile	970	441
Costa Rica	26	2
Spain	13,316	20,743
United States	10	1
France	1	0
Ireland	2,589	2,418
Israel	5	0
Luxembourg	7	0
Mexico	1,612	388
Netherlands	2	266
Panama	914	23
Portugal	32	0
Puerto Rico	625	62
Dominican Republic	129	0

NB: Data aggregated at country level; transactions between Group companies within the same country are not eliminated.

Subsidies

The movement in capital grants received is detailed in Note 15 of the Annual Consolidated Financial Report. Capital grants have been received in 2024 amounting to € 6 million (€ 1 million in 2023). If operating grants had been received, these would be detailed in Note 24 of the Annual Consolidated Financial Report which forms part of this report, neither in 2024 nor in 2023 have any such grants been received.

Profits earned by country (million of euros)

	2024
Argentina	94.1
Australia	(35.2)
Brazil	105.0
Chile	195.1
Colombia	0.2
Costa Rica	4.3
Spain	1,035.4
France	(1.5)
Netherlands	5.8
Ireland	210.1
Italy	(0.7)
Luxembourg	7.7
Morocco	0.0
Mexico	190.1
Oman	14.5
Panama	32.3
Puerto Rico	44.3
Dominican Rep.	11.2
Singapore	(6.2)
USA	(5.9)
Total	**1900.7**

Solidarity Company

Naturgy ticked the Company Solidarity Company Box of the 2023 Corporate Income Tax, with which it expressly states its willingness to allocate 0.7% of the full amount of Corporate Income Tax to subsidise activities of general interest considered to be of social interest, as provided for in the hundredth additional provision three of Law 6/2018, of 3 July, on the General State Budget for 2018. For this reason, the company has obtained the Solidarity Company Seal, awarded by the Third Sector Platform, which recognises those companies that have ticked the 'Solidarity Company Box' of the Corporate Income Tax this year.

Index of contents required by Law 11/2018

Content index in accordance with the provisions of Act 11/2018, of 28 December, which amends the Commercial Code, the consolidated text of the Corporate Enterprises Act approved by Legislative Royal Decree 1/2010, of 2 July, and Act 22/2015, of 20 July, on Auditing, in connection with non-financial and diversity reporting.

Contents	Pages	Reporting Criteria	Reason for the omission
Business model.			
Description of the business model. – Its business environment. – Its organisation and structure. – The markets in which it operates. – Its goals and strategies. – The main factors and trends that may affect their future.	33-48	ESRS 2 SBM-1	
Reporting framework used to report non-financial information.	6-7	ESRS 2 BP-1	
Policies.			
A description of the group's policies on these issues. 1. Due diligence procedures applied for the identification, assessment, prevention and mitigation of risks and impacts, and verification and control, including what measures have been adopted. 2. Key performance indicators of policy implementation to enable monitoring and evaluation of progress.	9-11, 124, 163, 180-181, 199-200, 237-239, 253-254, 269-270, 289-292	ESRS BP-2 ESRS E1-2 ESRS E3-1 ESRS E4-2 ESRS G1-1 ESRS S1-1 ESRS S2-1 ESRS S3-1 ESRS S4-1	
Risks.			
The main risks related to these issues associated with the activities of the group, including, where relevant and proportionate, its business relationships, products or services that could have an adverse effect on those areas, and how the group manages such risks, explaining the procedures used to identify and assess them in accordance with the national, European or international reference frameworks for each subject matter.	50-61, 62-64, 64-68, 109-119, 160-161, 162-163, 170-177, 194-195, 196-198, 235-237, 251-253, 266-269, 288-289	ESRS2 SBM-3 ESRS 2 IRO-1 ESRS 2 IRO-2 ESRS E1.SBM-3 ESRS E2.IRO-1 ESRS E3.IRO-1 ESRS E4.SBM-3 ESRS E5.IRO-1 ESRS G1.IRO-1 ESRS S1.SBM-3 ESRS S2.SBM-3 ESRS S3.SBM-3 ESRS S4.SBM-3	
Materiality assessment.	50-61, 62-64, 64-68	ESRS2 SBM-3 ESRS 2 IRO-1 ESRS 2 IRO-2	
Social and personnel issues.			
Employment. – Number and distribution of employees by country, gender, age group and professional category. – Total number and distribution of employment contract types and annual average of: ▪ Indefinite contracts by gender, age and professional category. ▪ Temporary contracts by gender, age and professional category.	225-227, 228-229, 320-323	ESRS S1-6 ESRS S1-9 GRI 405-1	
Number of layoffs by gender, age group and professional category.	323-324	GRI 405-1	
Average remuneration by gender, professional category and age group.	324	GRI 405-2	
Pay gap.	233	S1-16	
Average remuneration of directors and senior managers, including bonus, allowances, compensation, payment to long-term savings schemes and any other payment broken down by gender.	324	GRI 405-1	

Introduction of policies on disconnecting from work.	199-200, 211-212	ESRS S1-1 ESRS S1-4
Percentage of disabled employees.	230	ESRS S1-12
Work organisation.		
Organisation of work time.	211-212	ESRS S1-4
Number of hours of absenteeism.	325	GRI 403-9
Measures to facilitate work-life balance and encourage the co-responsible exercise of these by both parents.	211-212, 232	ESRS S1-4 ESRS S1-15
Health and safety.		
Health and safety conditions in the workplace.	206-211 229, 231-232	ESRS S1-4 ESRS S1-11 ESRS S1-14
Number of work accidents by gender.	325	GRI 403-9
Occupational diseases by gender.	325	GRI 403-9
Social relations.		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff.	200-202, 227-228	ESRS S1-2 ESRS S1-8
Percentage of employees covered by collective bargaining agreements.	227-228	ESRS S1-8
Balance of the collective bargaining agreements in the field of occupational health and safety.	200-202	ESRS S1-2
Description of the company's mechanisms and procedures to promote employee involvement in the management of the company, in terms of information, consultation and participation.	200-202, 202-204	ESRS S1-2 NEIS S1-3
Training.		
Policies introduced in the field of training.	217	ESRS S1-4
Total number of training hours by professional category.	325	GRI 3-3
Universal accessibility for people with disabilities.	214-216 230	ESRS S1-4 ESRS S1-12
Equality.		
Measures taken to promote equal treatment and opportunities between women and men.	214-216, 223-224	ESRS S1-4 ESRS S1-5
Equality plans.	214-216	ESRS S1-4
Measures adopted to foster employment.	214-216	ESRS S1-4
Protocols against sexual and gender-based harassment.	202	ESRS S1-2
Integrity and universal accessibility for people with disabilities.	214-216, 230	ESRS S1-4 ESRS S1-12
Policy against all types of discrimination and, where appropriate, diversity management.	199-200, 202	ESRS S1-1 ESRS S1-2
Environmental issues.		
Management approach.		
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	50-61, 62-64, 64-68, 109-119, 160-161, 162-163, 170-177	ESRS 2 IRO-1 ESRS 2 IRO-2 ESRS 2 SBM-3 ESRS E1.SBM-3 ESRS E2.IRO-1 ESRS E3.IRO-1 ESRS E4.SBM-3 ESRS E5.IRO-1
Environmental assessment or certification procedures.	163-164, 183	ESRS E3-2 ESRS E4-3
Resources targeted at the prevention of environmental risks.	124-133, 163-164, 182-185	ESRS E1-3 ESRS E3-2 ESRS E4-3

The application of the precautionary principle.	124-133, 163-164, 182-185	ESRS E1-3 ESRS E3-2 ESRS E4-3
The amount of provisions and guarantees for environmental risks.	124-133, 163-164, 182-185	ESRS E1-3 ESRS E3-2 ESRS E4-3
Pollution.		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment (also includes noise and light pollution).	160-161	ESRS E2.IRO-1
Circular economy, sustainable use of resources and waste prevention.		
Measures for prevention, recycling, reuse, and other forms of recovery and disposal.	NA	Not material
Actions to combat food waste.	NA	Not material
Sustainable use of resources.		
Water consumption and water supply in accordance with local constraints.	165-68	ESRS E3-4
Consumption of raw materials and measures taken to improve the efficiency of their use.	NA	Not material
Direct and indirect energy consumption	141-143	ESRS E1-5
Measures to improve energy efficiency.	124-133	ESRS E1-3
Use of renewable energies.	141-143	ESRS E1-5
Environmental issues.		
Climate change.		
Greenhouse gas emissions.	144-154	ESRS E1-6
Measures to adapt to climate change.	104-109, 124-133	ESRS E1-1 ESRS E1-3
Targets to reduce greenhouse gases.	104-109, 134-141	ESRS E1-1 ESRS E1-4
Sustainable finance taxonomy – Regulation (EU) 2020/852 of the European Parliament and of the Council – Commission Delegated Act Regulation (UE) 2021/2139 – Commission Delegated Act Regulation (UE) 2021/1214	76-103	Company criteria
Biodiversity.		
Measures to preserve or restore biodiversity.	182-185	ESRS E4-3
Impacts caused by the activity.	189-193	ESRS E4-5
Information on respect for human rights.		
Application of due diligence procedures.	28-29, 326	ESRS 2 GOV 4 GRI 2-23 GRI 2-26
Measures for the prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible abuses.	28-29, 214-216, 242, 260-264	ESRS 2 GOV 4 ESRS S1-4 ESRS S2-4 ESRS S3-4
Complaints about human rights violations.	234	ESRS S1-17
Promotion and enforcement of the provisions of ILO core conventions related to respect for freedom of association and the right to collective bargaining, elimination of forced or compulsory labour and the effective abolition of child labour.	199-200, 237-238	ESRS S1-1 ESRS S2-1
Information on corruption and bribery.		
Measures to prevent corruption and bribery.	290-296, 303-304	ESRS G1-1 ESRS G1-3
Anti-money laundering measures	292	ESRS G1-1

Contributions to foundations and not-for-profit associations.	264-265	ESRS S3-5 GRI 201-1	
Information about the company.			
Commitments of the companies to sustainable development.			
– The impact of society on local employment. – The impact of society's activity on local populations and the territory. – The relations maintained with the local community players and the types of business with them. – The actions of association or sponsorship.	254-257, 258, 260-263	ESRS S3-2 ESRS S3-4	Naturgy has not implemented a methodology to accurately measure the indirect economic contribution of the organisation.
Responsible supply chain management.			
– The inclusion of social, gender equality and environmental issues in the procurement policy. – Consideration in relations with suppliers and subcontractors of their social and environmental responsibility. – Monitoring and auditing systems.	296-302, 242-248	ESRS G1-2 ESRS S2-4	
Management of customers relations.			
– Measures for the health and safety of consumers. – Complaint systems. – Complaints received and their resolution.	273-277, 277-284, 286	ESRS S4-3 ESRS S4-4 ESRS S4-5	
Tax information and transparency.			
– Profits country by country. – Taxes paid on profits. – Public grants received.	327-332	GRI 201-1 GRI 207-1 GRI 207-2 GRI 207-3	

07. Annexes

Methodology for calculating indicators (MDR-M)

The purpose of this section is to provide a detailed description of the sustainability indicators presented in this Report, explaining the methodology used for their calculation, as well as the assumptions used and the limitations encountered. The indicators presented below take into account the minimum disclosure requirements established in ESRS 2, regarding the reporting of sustainability indicators (MDR-M).

[MDR-M_03] These indicators, relating to material sustainability issues, have been verified by KPMG, which reviews the adaptation of the contents of the Sustainability Report to what is indicated in the ESRS framework and, exceptionally this year, to Spanish Law 11/2018.

Glossary of indicators

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Breakdown of management and supervisory bodies by gender (%)	Percentage of men and women on the Board of Directors, the Audit and Control Committee, the Sustainability Committee and the Nomination, Remuneration and Corporate Governance Committee.	Direct measurement. To calculate this indicator, the members of each body are identified, and the number of women (respectively men) in the body is divided by the total number of members.	GOV-1
Breakdown of directors by age category (%)	Percentage of Board members by age category.	Direct measurement. To calculate this indicator, the respective ages of the councillors are identified, and the results are categorised according to the specified ranges. **Assumptions.** Age ranges: under 55 years, between 55 and 60 years, and over 60 years.	GOV-1
Diversity metrics in senior management	Percentage of men and women in senior management.	Direct measurement. To calculate this indicator, members of senior management are identified, and the number of women in senior management is divided by the total number of senior management. **Assumptions.** Senior management is defined as members of the Management Committee and those executives who report directly to the Board or to the chief executive of the company.	GOV-1
Breakdown of senior management by age group (%)	Percentage of senior management according to three age categories.	Direct measurement. To calculate this indicator, the respective ages of the principals are identified, and the results are categorised according to the specified ranges. **Assumptions.** Age ranges: under 55 years, between 55 and 60 years, and over 60 years.	GOV-1

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Net Turnover (millions of euros)	Volume of revenue obtained after the application of taxes (direct and indirect) and other special discounts. This value is used for the calculation of energy consumption intensity, greenhouse gas emission intensity and water consumption intensity.	Please refer to Note 22 of the Consolidated Financial Statements for further information.	SBM-1
Eligible turnover according to Taxonomy (million Euros)	Share (in million euros) of total revenues from activities eligible under the European Taxonomy Regulation (EU) 2020/852.	See Taxonomy section.	SBM-1
Renewable gas injection capacity. Spain (TWh)	Ability to inject biomethane of similar quality to conventional natural gas into distribution networks in Spain.	Direct measurement. The sum of the actual injections of biomethane plants into the company's distribution networks in Spain is considered.	SBM-1
Emission-free capacity (%)	Percentage that represents the installed capacity in the technologies considered emission-free, over the total installed capacity at the end of the financial year.	Direct measurement. The installed capacity for each type of emission-free electricity generation asset is taken and divided by Naturgy's total electricity generation capacity. **Assumptions.** Emission-free technologies are considered to be those not associated with fossil fuels (hydro, mini-hydro, wind, nuclear and solar).	E1. SBM-1
Climate action lines CAPEX according to Strategic Plan	Capital expenditure associated with the different action lines described in the Climate Transition Plan, included in the new Strategic Plan 2025-2027.	Direct measurement. The sum of CapEx associated with the company's initiatives related to climate transition.	SBM-1
Transition Action Plan: Current investment in fossil fuel activities	CapEx and OpEx associated with the company's operation with fossil fuels (coal, natural gas, oil and oil derivatives,...).	Direct measurement. The sum of CapEx and OpEx associated with the company's initiatives related to natural gas, LNG, biomethane, green hydrogen and LPG.	E1-1
Revaluation and/or recycling rate (%)	Percentage of waste generated in the decommissioning of coal-fired power plants that has been destined for revalorisation and/or recycling.	Direct measurement. The volume of waste generated in the decommissioning of coal-fired power plants destined for revalorisation and/or recycling is calculated and divided by the total volume of waste generated in this activity.	E1-3
Local employment (% of total persons hired)	Percentage of local people hired for the decommissioning of coal-fired power plants.	Direct measurement. The total number of local employees hired for the decommissioning of each plant is calculated and divided by the total number of employees for decommissioning. **Assumptions.** Local employees are those who reside in the municipality of the power plant in question, or in different municipalities but are registered in the job exchange of the Just Transition Institute.	E1-3
GHG emission reductions and associated energy savings	Volume of emissions that have been reduced by the implementation of climate change mitigation actions.	See section "GHG emission reductions and associated energy savings".	E1-3

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Installed capacity from renewable sources (%)	Percentage that the installed capacity of renewable energy technologies represents of the total installed capacity at the end of the financial year.	See Taxonomy section.Direct measurement. The installed capacity for each type of renewable electricity generation asset is taken and divided by Naturgy's total electricity generation capacity. **Assumptions.** Renewable technologies are considered to be hydro, mini-hydro, wind, solar and biomethane.	E1-4
CO2 intensity of electricity generation (tCO2 eq/ GWh)	Ratio of greenhouse gas (GHG) emissions associated with electricity generation activity, per energy consumed.	Direct measurement. The installed capacity for each type of renewable electricity generation asset is taken and divided by Naturgy's total electricity generation capacity.	E1-4
Total energy consumption in MWh by origin (fossil, nuclear and renewable)	Volume of energy consumed by the company's activities.	See section "Energy consumption in Naturgy (MWh)".	E1-5
Non-renewable and renewable energy production (MWh)	Volume of energy produced as a result of the company's own operations.	Direct metering. Each power generation plant records production in real time, and the annual sum is added up from the data provided by each installation.	E1-5
Energy intensity (total energy consumption per net revenue)	Ratio of energy consumption in own operations per net income generated.	Ratio of energy consumption in own operations per net income generated. Direct measurement. The total energy consumption of the company is taken, and divided by the net income for the year. **Assumptions.** The denominator used is the Net Turnover.	E1-5
Revenue from the fossil fuel sector (oil and gas)	Gross revenues generated by the company's operation in the generation and distribution of electricity from non-renewable sources, and from the distribution of natural gas and LNG.	Please refer to Note 22 of the Consolidated Financial Statements for further information.	E1-5
Net revenues from activities in sectors with a high climate impact	Net value of the company's revenues generated from operating in sectors with high climate impact.	Please refer to Note 22 of the Consolidated Financial Statements for further information.The value of the Net Turnover Amount (NTI) is used. Given that Naturgy only operates in the gas and electricity generation and distribution sector, the total amount of the INCN is used. **Assumptions.** Further information can be found in Note 22 of the Consolidated Financial Statements.	E1-5/E1-6
Absolute GHG emissions scopes 1 (MtCO2 eq)	Direct GHG emissions, i.e. from sources that are controlled by the company.	See section "Greenhouse gas (GHG) emissions inventory calculation methodology".	E1-6
GHG emissions Scope 1 as % from regulated emission trading schemes	Percentage of direct GHG emissions covered by emissions trading systems.	See section "Greenhouse gas (GHG) emissions inventory calculation methodology".	E1-6

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
GHG emissions Scope 2 broken down by location-based and market-based emissions (MtCO2 eq)	Indirect emissions due to the generation of electricity that is purchased by the company for its own consumption but not generated by the Group.	See section "Greenhouse gas (GHG) emissions inventory calculation methodology".	E1-6
GHG Scope 3 emissions by relevant Scope 3 categories (MtCO2 eq)	Indirect emissions, not included in scope 2, arising from the value chain of activities, including upstream and downstream emissions, over which the Group has no direct control or influence.	See section "Methodology for calculating the greenhouse gas emissions inventory".	E1-6
GHG emissions intensity (total GHG emissions per net revenue)	Ratio of total greenhouse gas (GHG) emissions per net revenue generated.	Direct measurement. The total emissions of the company and its value chain are taken and divided by the net income for the year. **Assumptions.** The denominator used is the Net Turnover.	E1-6
Incidents of non-compliance related to permits, standards, and water quantity or quality regulations (no.)	Number of incidents recorded at facilities that do not comply with water quantity or quality permits, standards, and regulations subscribed to by the company.	Direct measurement.Each facility is subject to mandatory minimum legal requirements as well as voluntary standards for alignment with best available technologies in terms of water management. Consequently, any non-compliance with the above aspects is recorded, and an annual sum is made to consolidate the total of the company's plants.	E3-2
Water impact assessment studies (no.)	Number of water impact assessment studies of the company's thermal and hydroelectric generation facilities.	Direct measurement. The facilities, specifically the thermal and hydroelectric generation plants, report annually on the initiatives carried out, including the water impact assessment studies to analyse the possible impact on the environment in which they are located. Finally, the total sum is added up at the end of the year.	E3-2
Intensity of water consumption in generation (hm3/TWh)	Ratio of water consumption in electricity generation activities, per energy produced.	Direct metering. The water consumption of the company's electricity generation facilities is taken, and divided by the total energy produced in 2024, in TWh.	E3-3
Intensity of water consumption (m3/M€)	Ratio of total water consumption in the company's own operations per net income generated.	Direct measurement. Total water consumption in own operations is taken, and divided by net income for the year.	E3-4
Total water consumption in areas at water risk, including areas of high water stress (m3)	Volume of water consumed by company facilities located in water-risk regions.	See section "Water consumption".	E3-4
Total recycled and reused water (m3)	Volume of water and wastewater (treated or untreated) that has been used in the same production process (recycled) or in other company facilities (reused), prior to final discharge.	See section "Water consumption".	E3-4
Total water reused (m3)	Volume of wastewater originating from other industries or urban origin, which is treated for reuse.	Direct metering. The facilities measure and report water abstracted by source, including reused water.	E3-4

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Water withdrawal (m3)	Volume of water entering the boundaries of the company, irrespective of source and end use, during the financial year.	Direct metering. The facilities measure and report the water captured by source.	E3-4
Water discharge (m3)	Volume of water that leaves the boundaries of the company and is released to surface or groundwater, or to third parties, during the financial year.	Direct measurement. Facilities measure and report wastewater discharges.	E3-4
Participants in training sessions for schools (no.)	Number of people who have attended training sessions (face-to-face and virtual) for schools, within the framework of collaboration with GREFA.	Direct measurement. For each session held, the number of participants is recorded and a total sum is added up at the end of the year.	E4-3
Biodiversity enhancement initiatives (no.)	Number of initiatives that can fit into the biodiversity and ecosystem mitigation hierarchy.	Direct measurement. Each initiative developed by Naturgy related to biodiversity and ecosystems is recorded manually, and a sum is added up at the end of the year.	E4-4
Implement TNFD recommendations at corporate level (%)	Degree of alignment with the fourteen TNFD outreach recommendations on biodiversity and ecosystems.	Direct measurement. The ratio between the TNFD recommendations on reporting on biodiversity and ecosystems that have been implemented by Naturgy during the year is calculated and divided by fourteen.	E4-4
Number and area (in hectares) of sites owned, leased or managed in or near such protected areas or key biodiversity areas	Number and size of company-owned, leased, or managed sites located within, or in close proximity to, a protected area or key biodiversity area.	See section "Impact indicators related to biodiversity and ecosystem change".	E4-5
Initiatives with positive impact on protected sites, habitats or species (%)	Percentage of the company's biodiversity and ecosystem initiatives that result in a benefit to a protected area or species.	Direct measurement. All businesses and units report on biodiversity initiatives undertaken, including different information. Among this information is whether the initiatives are carried out in protected areas or habitats or to benefit protected species. Initiatives that meet any of these three criteria are aggregated to give the data.	E4-5
Environmentally restored area (ha)	Area positively affected by the company's biodiversity and ecosystem restoration initiatives.	Direct measurement. All businesses and units report on biodiversity initiatives carried out, including different information. Among this information is the area of environmental restoration. To give the data, the areas of these restoration initiatives are added together.	E4-5
Employees aware of the Code of Ethics	Percentage of Code of Ethics employees who indicated that they were aware of the Code of Ethics through a form.	Direct methodology. Number of affirmative answers (Yes) divided by the total number of answers (Yes/No).	S1-3
Employees satisfied with the Code of Ethics (%)	Percentage of Code of Ethics employees who indicated high or total satisfaction with the Code of Ethics through a form.	Direct methodology. Number of responses that rate "very or fully" satisfaction divided by the total number of responses. **Limitation.** Respondents to the questionnaire	S1-3

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Local "Global EFR Certification" measures	Number of local measures accredited to the EFR Global Certification standard".	Direct. The sum of all the local measures accredited by the Global EFR Certificate over a period of one year. **Limitation.** Respondents to the questionnaire.	S1-4
Global measures of "Global EFR Certification	Number of global measures accredited by the EFR Global Certification standard".	Direct. The sum of all measures of global scope accredited by the Global EFR Certificate over a period of one year.	S1-4
EFR-certified management indicators	Number of management indicators certified by the global Standard 1000/23 EFR and AENOR audit over a period of time.	Direct. All management indicators that have been certified by the global Standard 1000/23 EFR and the AENOR audit during one year are added together.	S1-4
EFR-certified improvement actions (no.)	Number of improvement actions certified by the global Standard 1000/23 EFR and the AENOR audit during a period of time.	Direct. The sum of all improvement actions carried out and certified during the year is added up.	S1-4
Flex & Lead" staff additions (no.)	Young people, with or without work experience, who have joined the company in the framework of the "Flex & Lead" programme during the last year.	Direct measurement. The sum of the number of young people, with or without experience, who have joined the company under the "Flex&Lead" programme.	S1-4
Staff additions in the framework of the "Transforma" programme (no.)	Number of professionals who have joined the company within the framework of the "Transforma" programme during the last year.	Direct measurement. The sum of the number of professionals who have joined the company under the "Transforma" programme is added up.	S1-4
Management talent development interviews	Total number of interviews conducted in the framework of the "Executive Talent Management Model" during the last year.	Direct measurement.The sum of the interviews of this type carried out is made up as follows	S1-4
Women in workforce (%)	Percentage of employees within the company who are women in relation to the total workforce.	Direct measurement. The sum of persons with gender 'female' is added up and divided by the total number of employees	S1-5
Own employees with disabilities. Spain (%)	Percentage of own employees with disabilities in the total workforce in Spain.	Direct measurement. The total number of salaried employees with disabilities in Spain is added up and divided by the total number of salaried employees in Spain.	S1-5
People trained out of the total number of employees included in talent transformation programmes (%)	Proportion of employees who have received training under talent transformation programmes, in relation to the total number of employees included in such programmes.	Direct measurement. The number of own staff trained through talent transformation programmes is taken and divided by the total number of employees considered in such programmes.	S1-5
Training per employee (hours)	Average number of hours of training received by a company employee in the year.	Direct measurement. The hours of training provided are added up and divided by the total number of employees in the company. **Limitation.** Training data only includes companies that have access to SuccessFactors. These companies represent 93% of the total workforce reach.	S1-5/ S1-13

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Number of employees by gender	Total number of employees of the company at year-end and classified by gender (male, female, other, not reported).	Direct measurement. A count is made of the number of employees belonging to each gender at the end of the year. **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-6
Number of employees by country	Total number of employees of the company at the end of the financial year and classified by country where the company is present.	Direct measurement. The total number of wage earners within each country is added up and the detail is broken down into those countries with significant employment and the rest of the countries are included under the category "other". **Assumptions.** According to the criterion expressed in ESRS S1, a country is considered to have "Significant Employment" if the company has, in that country, a minimum number of 50 effective employees representing at least 10 % of its total number of employees.	S1-6
Number of employees by type of contract and broken down by gender	Total number of employees by type of contract (permanent, temporary and non-guaranteed) and by gender (male, female, other, not reported).	Direct measurement. Employees are broken down by each type of contract available and by gender. **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-6
Number of employees who have left the company in the reference period	Number of employees leaving the enterprise, either voluntarily or due to dismissal, retirement or death in service, in the reference period.	Direct measurement. The sum of employees who have left the company for any of the following reasons: voluntary, dismissal, retirement or death in service.	S1-6
Turnover(%)	Percentage of departures as a percentage of the average number of employees.	Direct measurement. The aggregate number of employees leaving employment voluntarily or due to dismissal, retirement or death in service is taken and divided by the average number of employees.	S1-6
Employees in collective bargaining agreements by country (%)	Percentage of employees covered by collective bargaining agreements, inside and outside the European Economic Area (EEA).	Direct measurement. Take the number of employees covered by collective bargaining agreements in a country, and divide by the number of employees in the same country. **Assumptions.** A country is considered to have "Meaningful Employment" if the company has, in that country, at least 50 or more employees representing at least 10 % of its total number of employees.	S1-8
Country with social dialogue agreements for coverage rate	Countries within the European Economic Area (EEA), with significant employment, represented by employee representatives (social dialogue) by coverage rate (0-19%; 20-39%; 40-59%; 60-79%; 80-100%).	Direct measurement. Countries with significant employees are taken and broken down by level of social dialogue coverage. **Assumptions.** A country is considered to have "Meaningful Employment" if the company has, in that country, at least 50 or more employees representing at least 10 % of its total number of employees	S1-8

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Distribution of employees by age groups	Percentage of employees by age group; under 30 years; between 30 and 50 years; over 50 years.	Direct measurement. The total number of employees in the company is taken and broken down by the following age ranges: under 30, 30 and 50, and over 50.	S1-9
Gender distribution of senior management	Number of employees in the "top management" category by gender.	Direct measurement. The total number of employees in senior management is taken and broken down by the following genders: male and female. **Assumptions.** Senior management is defined as members of the Management Committee and those executives who report directly to the Board or to the chief executive of the company.	S1-9
Social protection coverage for life events and country in a given period of time (%)	Percentage of social protection coverage for life events by country, for a given time period	Direct measurement. The total number of employees covered by social protection against life events in each country is taken and divided by the total number of employees in that country. **Assumptions.** The following cases are considered as life events: illness; unemployment from the moment the employee works for the company; parental leave; retirement.	S1-11
Employees with disabilities by gender (%)	Proportion of people with disabilities among total number of employees, broken down by gender	Direct measurement. The total number of wage earners with disabilities is taken, and broken down by the following genders: male, female, other, not reported. **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-12
Hours of training offered and completed by gender	Average number of hours of training per employee and by gender (male, female, other, not reported)	Direct measurement. The average number of hours of training provided and completed per employee is taken and broken down by the following genders (male, female, other, not reported). **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-13
Participation in regular performance and career development appraisals by gender (%)	Percentage of employees who have participated in performance appraisals and career development, broken down by gender (male, female, other, not reported).	Direct measurement. Data is taken on employees who participated in performance and career development appraisals, disaggregated by gender. The percentage of participation of each group in relation to their total is then calculated. **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-13
Reviews carried out/ agreed by management (%)	Percentage of reviews performed compared to those agreed upon by management	Direct measurement. Data is taken from revisions carried out and divided by planned revisions.	S1-13

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Coverage of Occupational Health and Safety Management System (%)	Percentage of the company's employees who are protected and covered by a formalised occupational health and safety management system, in relation to the total number of employees.	Direct measurement. The number of employees belonging to companies with an Occupational Health and Safety Management System is taken and divided by the total number of employees in the company.	S1-14
Fatalities due to work-related injuries	Total number of fatalities from work-related injuries over a period of time	Direct measurement. Data are collected on fatalities directly caused by occupational injuries. **Assumptions.** It is considered "work-related" if it results from work-related injuries and health problems.	S1-14
Deaths due to work-related diseases	Total number of deaths due to work-related diseases over a period of time	Direct measurement. The number of deaths attributable to occupational diseases during the specified period is taken. **Assumptions.** It is considered "work-related" if it results from work-related injuries and health problems.	S1-14
Recordable accidents at work	Number of occupational accidents, which meet the criteria to be recorded, during a set period of time.	Direct measurement. The sum of occupational accidents recorded during a period of one year. **Assumptions.** An "Accident" is an incident that causes injury or health problems.	S1-14
Recordable occupational injuries	Number of work injuries, which meet the criteria to be recorded, during a set period of time.	Direct measurement. The sum of work injuries recorded over a period of one year.	S1-14
Cases of recordable work-related health problems	Number of recorded incidents in which employees have experienced health problems directly related to their work activities.	Direct measurement. The sum of the number of cases of work-related health problems recorded during a one-year period. **Assumptions.** Work-related health problems may include acute, recurrent and chronic health problems caused or aggravated by working conditions or working practices	S1-14
Number of days lost due to work-related injuries and fatalities	Number of days lost due to work-related injuries as a result of occupational accidents, work-related health problems and deaths due to illness.	Direct measurement. The sum of days lost due to work-related injuries as a result of occupational accidents, work-related health problems and deaths due to illness. **Assumptions.** The number of days lost is counted including the first full day and the last day of absence. In addition, calendar days are taken into account for the calculation. Absences for other non-work related reasons, such as common illnesses or personal leave, are excluded.	S1-14
Employees entitled to family-related leave and those who took family-related leave by gender (%)	Percentage of employees entitled to family-related leave who have actually made use of this entitlement, broken down by gender (male, female, other, not reported).	Direct measurement. The number of employees entitled to family-related leave (maternity leave, paternity leave, parental leave and carers' leave) by gender is taken. Then, the percentage of each group is calculated by dividing the employees who took leave by the total entitled employees. **Assumptions.** Employees belonging to the third, often neutral, gender are considered to be in the "Other" category.	S1-15

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
% wage gap	Difference between the average pay levels of male and female employees.	Direct measurement. The difference between the average annual gross pay of men and women is calculated and divided by the average annual gross pay of men.	S1-16
Total annual remuneration (%)	Ratio of the total annual remuneration of the highest paid person to the average total annual remuneration of all employees.	Direct measurement. The total annual remuneration of the highest paid person is taken and divided by the average total annual remuneration of all employees (excluding the highest paid person). **Assumptions.** Remuneration includes the following items: fixed elements, length of service and bonuses, activity bonuses, remuneration in kind, social security contributions and long-term incentives.	S1-16
Notifications on the Code of Ethics Channel	Number of notifications and complaints submitted through the Code of Ethics channel by the company's own staff.	Direct measurement. The sum of the notifications submitted by employees through the Code of Ethics Channel.	S1-17
Purchasing volume with acceptance of the Code of Ethics (%)	Percentage of the purchasing volume awarded by the company that has acceptance of the supplier's code of ethics.	Direct measurement. The volume of procurement that has Code of Ethics acceptance is taken and divided by the total procurement awarded during a set period of time.	S2/G1-2
Performance appraisals carried out	Total number of performance evaluations carried out on suppliers during the year.	Direct measurement. The sum of the performance evaluations carried out on suppliers. **Assumptions.** Performance evaluations carried out in Argentina, Brazil, Chile, Spain, Mexico and Panama are considered.	S2-4
Suppliers evaluated by performance	Total number of suppliers whose performance has been assessed during the year.	Direct measurement. Suppliers that have received a performance evaluation are added together. **Assumptions.** Performance evaluations carried out in Argentina, Brazil, Chile, Spain, Mexico and Panama are considered.	S2-4
Action plans for underperformance	Number of action plans agreed with suppliers for underperformance.	Direct measurement. A summation of the action plans agreed with suppliers is made. Assumptions. Performance evaluations carried out in Argentina, Brazil, Chile, Spain, Mexico and Panama are considered.	S2-4
Level of ESG audit coverage of purchase volume with high ESG risk (%)	Percentage of ESG audit coverage of suppliers out of total procurement volume assigned with high ESG risk.	Direct measurement. The ESG high ESG risk purchase volume audited in the last 3 years is calculated over the total ESG high ESG risk purchase volume of the group.	S2-4
No. of Preventive Security Observations (PSOs)	Number of preventive security observations made by the inspection, monitoring and control mechanisms implemented in all business units.	The sum of preventive security observations recorded through the inspection, monitoring and control mechanisms in all business units is added up.	S2-4

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Work stoppage	Number of stoppages of work that have been carried out due to the detection of risk situations not foreseen in the risk identification procedures.	Direct measurement. The sum of the stoppages recorded by means of the "Metric (+)" mechanism.	S2-4
Health and Safety Improvement Proposals (HSP)	Number of initiatives or improvement actions proposed by employees of the company or collaborating companies to improve the safety of any process or activity.	Direct measurement. The sum of the Health and Safety Improvement Proposals (HIPs) recorded through the "Metrics (+)" mechanism.	S2-4
Incident and accident investigations	Total number of incidents and accidents reported by own staff and value chain workers that have been analysed and investigated.	Direct measurement. The sum of incidents and accidents investigated under the "Process of communication, investigation and follow-up of accidents and incidents".	S2-4
SME suppliers attending the Training Programme	Total number of the company's SMEs that participated in the "Training Programme: Sustainable Suppliers" during the reporting period.	Direct measurement. The SMEs that participated in the "Training programme: Sustainable suppliers" are added.	S2-4
Volume of purchases awarded to local suppliers (%)	Percentage of the total procurement volume that has been awarded to local suppliers in a given period.	Direct measurement. The total volume of the organisation's purchases that have been awarded to local suppliers is taken and divided by the total purchase volume. **Assumptions.** A "Local Supplier" is a supplier located in the same geographical area from where the purchase is made.	S2-4
Fatal accidents Collaborating Companies	Number of contractor personnel who have died as a result of occupational accidents.	Direct measurement. Data are taken on fatalities due to occupational accidents among contractor personnel.	S2-4
Lost Time Accident Frequency Rate Contractor personnel	Number of lost time accidents per 1 million hours worked	Direct measurement. The number of accidents involving sick leave is taken and multiplied by 1 million hours, this product is divided by the total number of hours worked in the reporting period.	S2-4
Severity rate of lost time accidents contractor personnel	Number of days lost as a result of occupational accidents to contractor personnel per million hours worked.	Direct measurement. Number of days lost due to accidents at work and multiplied by 1 million hours worked, this product is divided by the total hours worked in the reporting period.	S2-4
Total social investment (in millions)	Total monetary value, in millions of euros, of the economic amounts allocated to actions aimed at promoting the economic and social development of the territories where the company operates.	Direct measurement. The amount of the actions carried out within the framework of the projects, whether they are donations, partnerships or sponsorships, is recorded and added up.	S3-5
Customers with social voucher	Total number of customers benefiting from the government-regulated electricity bill discount for socio-economically vulnerable households.	Direct metering. The sum of the number of discounted customers is added to the invoice.	S4-4
Complaints registered/ total number of contacts (%)	Percentage of total customer contacts or interactions with the company that resulted in a formal complaint	Direct measurement. The total number of complaints received is taken, and divided by the total number of contacts received from customers in the different customer service channels.	S4-5

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Overall satisfaction with the quality of service (0-10)	Level of user satisfaction with the quality of a specific service on a scale of 0 to 10.	Direct measurement. The sum of the ratings given by customers on a scale of 0 to 10 is added up and divided by the number of valid surveys completed by customers.	S4-5
Positions particularly exposed to training programmes (%)	Percentage of positions within the company that are most at risk of corruption and bribery covered by training programmes on corruption and bribery	Direct measurement. Data were taken from the positions with the highest risk of corruption that received training, and divided by the total number of positions with the highest risk.	G1-1
Anti-corruption and bribery training	Percentage of own staff who have received some form of training to prevent corruption and bribery	Direct measurement. Employees who have received each type of training reported are identified and divided by the total number of staff within that group. The groups are: particularly exposed positions, senior management and other employees. The information is calculated aggregated for the group and for Spain. **Assumptions.** The subjects on which training has been provided are: criminal prevention model, conflict of interest and, in Spain, the responsible declaration of compliance and market abuse have also been considered. The definition of personally exposed and senior management can be found in this section.	G1-1
Total Suppliers	Number of suppliers that have remained active (registered in the supplier database) during the financial year, and to whom purchases have been awarded during the financial year;	Direct measurement. The sum of active suppliers with purchase awards in the reported period is added up.	G1-2
Suppliers with high ESG risk	Number of suppliers considered to be high ESG risk	See section "Supplier relationship management (G1-2)".	G1-2
High ESG risk purchase volume	Total monetary amount purchased from suppliers supplying categories of purchases considered as high ESG risk for the financial year	Direct measurement. The total monetary amount corresponding to the awards of the financial year considered as high ESG risk is added up.	G1-2
Documented Security Inspections	Number of documented safety inspections of suppliers carrying out activities classified as having a high Health and Safety risk.	Direct measurement. The sum of the security inspections carried out in the financial year is taken as the sum of the inspections carried out in the financial year.	G1-2
Documented safety inspections with deviations (%)	Percentage of documented safety inspections of the company's suppliers in which deviations have been detected.	Direct measurement. The summary of inspections with deviations is taken, and divided by the total number of safety inspections carried out in the year.	G1-2
Suppliers invited to report their information through CDP Supply Chain	Number of Naturgy suppliers invited to report their information via CDP Supply Chain	Direct measurement. In addition to the suppliers that were invited to report through CDP Supply Chain	G1-2
Participants in supplier training	Number of participants in the Extended Academy of the Corporate University	Direct measurement. The summation of EA participants in the exercise is performed.	G1-2
Supplier training hours	Total number of hours of supplier training through the Extended Academy of the Corporate University	Direct measurement. The sum of the hours of training provided by AE in the year is added up.	G1-2

Indicator	Description [MDR-M_01]	Methodology and significant hypotheses [MDR-M_02]	Location
Allegations of corruption and bribery or fraud	Total number of complaints through the Code of Ethics Channel concerning corruption and bribery or fraud during a set period of time.	Direct measurement. Sum of corruption and bribery/fraud complaints received by the Code of Ethics Channel in the year.	G1-4
Closed complaints of corruption and bribery or fraud	Total number of complaints closed through the Code of Ethics Channel relating to corruption and bribery or fraud in the exercise	Direct measurement. The sum of the complaints resulting from the exercise, both those confirmed and those rejected, are added together.	G1-4
Estimated allegations of corruption and bribery/ fraud	Total number of confirmed allegations of corruption and bribery/fraud following investigations by the relevant investigative teams	Direct measurement. The sum of the complaints that, after the corresponding investigation, were found to be confirmed as corruption and bribery or fraud in the financial year.	G1-4
Shareholdings in associative entities	Total number of participations in associative entities	Direct measurement. Active participations in associative entities in the financial year are added up.	G1-5
Countries with participations in associative entities	Total number of countries where the company has participations in associative bodies	Direct measurement. Data are taken from countries where the company has active shareholdings in the year.	G1-5
Investment in associative entities	Total monetary value of investments made to associative organisations	Direct measurement. The sum of the total monetary amount spent on membership payments in partner entities is added up.	G1-5
Average invoice payment days	Average time taken by the company to pay an invoice in number of days	Direct measurement. The difference between the date of issue and the date of actual payment of the invoices is added up and divided by the total number of invoices paid.	G1-6
Payments in line with deadlines (%)	Percentage of payment periods that are in line with the company's usual payment period in number of days	Direct measurement. The number of invoices paid on time is taken, and divided by the total number of overdue invoices.	G1-6
Pending legal proceedings for late payments	Number of legal proceedings currently pending for payment delays in the period established	Direct measurement. The sum of the number of legal proceedings opened against the company due to non-compliance or delays in payment to suppliers.	G1-6
Naturgy Energy Group BitSight International Index (points)	Cybersecurity rating provided by BitSight, which assesses the level of security of the company's digital infrastructure and general market acceptance.	NA	Specific topics
TOTEX for Open Innovation and Technological Innovation (' million)	Monetary value of, capital and operational expenditure, earmarked for open innovation and technological innovation (' million)	Direct measurement. The sum of CAPEX and OPEX allocated to open innovation and technological innovation projects and initiatives.	Specific topics

Carbon footprint verification statement

verico SCE

Verification Statement

LK-2024-24-NATURGY ENERGY GROUP
CORPORATE CARBON FOOTPRINT

The emissions report dated 13.02.2025, issued by
NATURGY ENERGY GROUP, S.A.
Avenida de América 38
28028 Madrid (España)

for the reporting period **01.01.2024 - 31.12.2024**

has been verified in accordance with ISO 14064-03:2019
in relation to compliance with the requirements of
ISO 14064-01:2019 together with GHG Protocol

Naturgy Energy Group, S.A. Carbon Footprint

Total greenhouse gas emissions	**119.397.479**	t CO_2-Eq
Scope 1 emissions	11.482.448	t CO_2-Eq
Scope 2 emissions	453.649	t CO_2-Eq
Scope 3 emissions	107.461.382	t CO_2-Eq
GHG emissions according ISO 14064-01:2019 standard		
Category 1 Direct GHG emissions and removals	11.482.448	t CO2-Eq
Category 2 Indirect GHG emissions by imported energy	453.649	t CO2-Eq
Category 3 Indirect GHG emissions from transport (business travel, commuting)	8.195	t CO2-Eq
Category 4 Indirect GHG emissions from products used by the organisation (purchased goods and services, capital goods, upstream fuel and energy activities)	27.110.800	t CO2-Eq
Category 5 Indirect GHG emissions associated with the organisation's product use	80.342.387	t CO2-Eq

Agreed assurance level: Reasonable

Materiality thresholds: 5% of the total carbon footprint amount

This verification statement is only valid for the stated scope and in conjunction with the objectives and criteria for the assessment as well as our conclusions (pages 2-5).

verico SCE, Hagenaustrasse, 7 – 85416 Langenbach, Germany
Accredited Greenhouse Gas Verification Body by DAkkS according to DIN EN ISO/IEC 17029:2020, EN ISO 14065:2022 y DIN EN ISO 14064-3:2020 (Acreditation Nr. D-VS-19003-01-00)

Langenbach, 13.02.2025

Sergio Degener
Certification Entity
VERICO SCE

CONFIRMATION BESCHEINIGUNG CONFIRMACIÓN

Issue Nov.-2024

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Reference / Date: Verification Statement LK-2024-24 NATURGY HUELLA DE CARBONO CORPORATIVA 2024 / 13.02.2025

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Explanations of the verification statement

Brief description of the verification process

NATURGY ENERGY GROUP, S.A. (hereinafter, Naturgy) has voluntarily commissioned verico SCE (verification body) to carry out an independent (third party) verification of its greenhouse gas emissions report "Informe de emisiones de gases efecto invernadero. Naturgy 2024. Febrero 2025" (*Greenhouse gas emissions report. Naturgy 2024. February 2025*), as corporate carbon footprint, for the time period 01.01.2024 - 31.12.2024.
This review is based on the expected scope, targets and criteria associated with the offer dated 12.12.2024 and Naturgy's subsequent confirmation.

The team appointed by the verification office carried out an audit on 3 and 4 February 2025 with representatives of the client, including a documentary review and a complete review of Naturgy's corporate systems in which the emissions of the different business units of Naturgy, worldwide, including gas and electricity supplies and supplies to customers, are registered.

The verification audit took place at Naturgy's corporate headquarters, located at Avenida de América 38, 28028 Madrid (Spain).

Roles and responsibilities

The determination of greenhouse gas (GHG) emissions and the reporting on them is the sole responsibility of the client.

verico SCE role and responsibility as an accredited verification body was to independently verify the adequacy of the GHG emissions reported by our client, as well as the underlying systems and processes for recording, analyzing and controlling them, in accordance with the requirements of ISO 14064-3.

Standard for the collection of GHG data

ISO 14064-1:2019 ("Specification providing guidance on the quantitative determination and reporting of greenhouse gas emissions and removal of greenhouse gas emissions greenhouse gases at the organizational level") in conjunction with Greenhouse Gas Protocol. The data and information supporting the claim are historical in nature.

Scope of application / Boundaries

This verification covers Naturgy's activities worldwide, specifically:

- Electricity generation (gas power plants, renewable sources)
- Electricity distribution
- Natural gas distribution
- Natural gas: infrastructures, procurement, transportation, supply and marketing of natural gas, in the form of standard fuel, liquefied natural gas and natural gas for vehicles.
- Corporate offices.

The countries where Naturgy has subsidiaries reporting GHG emissions are: Spain, Argentina, Brazil, Mexico, Panamá, Puerto Rico, Dominican Republic, Costa Rica, France, Luxembourg, Ireland, Portugal, Australia, Israel, Italy, United States and Chile.

Naturgy has also carried out natural gas supply or marketing operations in the following countries: Algeria, Germany, The Netherlands, Taiwan, China, South Korea, Japan, Belgium, Thailand, United Kingdom, Poland and Kuwait.

The corporate headquarters of NATURGY ENERGY GROUP S.A. is located at Avenida de América 38, 28028 Madrid (Spain). The main activities of the company have been described above.

The following partial contributions are identified by Naturgy as the main sources of GHG, and their amount is quantified according to the methods described in the GHG report *Greenhouse gas emissions report. Naturgy 2024. February 2025*. The categories correspond to those established in the ISO 14064-01:2019 standard (Naturgy reports on the basis of the GHG Protocol categories, which are indicated into Categories 3 and 4):
Scope 1:
Category 1 Direct GHG emissions and removals.
Scope 2:
Category 2 Indirect GHG emissions from imported energy
Scope 3 :
Category 3: Indirect GHG emissions from transport: business travel, mobilisation of workers.
Category 4 Indirect GHG emissions from products used by the organisation: purchased goods and services, capital goods, activities associated with upstream fuels and energy.
Category 5 Indirect GHG emissions associated with the use of the organisation's products.

Within the categories defined by the Greenhouse Gas Protocol (scopes 1, 2 and 3), those with a weight of less than 1% have been excluded, provided that the sum of all of them does not exceed 5%.

This assessment of the importance and the resulting decision on the delimitation of these Greenhouse Gas Protocol categories (definition and terminology of scopes according to the requirements established by the Ministry of Ecological Transition and Demographic Challenge -MITERD- of Spain, for the registration of corporate carbon footprints) are presented in a comprehensible manner in the Greenhouse Gas Declaration of NATURGY ENERGY GROUP S.A., substantiated in the GHG report *Greenhouse Gas Emissions Report. Naturgy 2024. February 2025*.

Relevant greenhouse gases and greenhouse gases included in the accounting

The Naturgy inventory/report *Greenhouse gas emissions report. Naturgy 2024. February 2025*, contains the greenhouse gases considered with information in CO_2 equivalent. The gases identified as GHG and included in the inventory are: CO_2, CH_4, N_2O, SF_6, HFC.

No GHG emissions other than these were identified.

Reduction measures / special features in reporting

Naturgy has established a new Strategic Plan ("Plan Estatégico"), which includes a specific Climate Transition Plan ("Plan de Transición Climática"), with the following objectives:

(a) Reduction of Group's Scope 1 and Scope 2 emissions to 9.70 MtCO2eq in 2030, which means reducing GHG emissions by 36% in 2022, in line with the 1.5°C reduction path of the Paris Agreement.
b) Reduction of Scope 3 emissions in Spain to 30.7 MtCO2eq in 2030, a 22% reduction compared to 2022.
c) To reduce the Group's Scope 3 emissions to 101.6 MtCO2eq in 2030, which represents a reduction of 8% compared to 2022.

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Furthermore, Naturgy has the following objectives for 2050:

- Reach the Net Zero target for the Group's Scope 1 and Scope 2 emissions.
- Reach the Net Zero target for Scope 3 emissions in Spain.

Intended Users of this Verification Statement

1. Naturgy, to make decisions based on this GHG-related information (e.g. measures to reduce the carbon footprint at organizational level).
2. Provision of this information to third parties (e.g. customers, public) upon
3. The Ministry of Ecological Transition and Demographic Challenge (MITERD) of the Kingdom of Spain, for the registration of the corporate carbon footprint of Naturgy Energy Group S.A. in the *Register of carbon footprint, offsetting and carbon dioxide absorption projects* of the MITERD.

Standard for verification

DIN EN ISO/IEC 17029:2020 & DIN EN ISO 14064-3:2020. GHG Protocol.

Verification goals

The review was conducted in accordance with our impartiality in a risk-based approach. Rational methods were used to reach reliable and reproducible conclusions. As part of our audit, the Company's representatives and the persons responsible for the audit had to collect and explain in the audit a sufficient amount of appropriate evidence. This ensured sufficient comprehensibility of the information presented with the GHG statement.

Criteria

The review of the data was carried out according to the following criteria:
relevance, completeness, accuracy, transparency of information and consistency. An assessment of the alternatives that could be applicable according to the underlying quantification model was carried out in accordance with the principle of applying conservative criteria.

Agreed level of assurance: reasonable

If there is a reasonable, but not absolute, degree of certainty, we check whether the greenhouse gas statement is substantially correct. This includes checking the accuracy and correctness of processes, data and tests with an appropriate statistical sample size.

Materiality

5 % for the total sum of reported greenhouse gas emissions according to the accruals made by Naturgy.

The materiality threshold is a measure of our assessment of data gaps, misstatements and non-conformities remaining at the end of our review. Gaps, omissions or inaccuracies detected in the course of the review that result in amounts above the established thresholds constitute a 'material deviation', i.e. a non-conformity that must be corrected before a verification statement can be issued.

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Verification methodology

1) Interviews with the responsible personnel of Naturgy Energy Group S.A.
2) Review of data and information systems and methodology to collect, aggregate, analyze and verify the information used to determine GHG emissions.
3) Sampling of data and evidence for the determination of GHG emissions.
4) Monitoring of electricity and natural gas production, distribution, transmission, supply and trading throughout the year 2024, including verification of emission factors used
5) Strategic analysis and risk assessment of GHG reporting
6) Plausibility check by recalculation of individual GHG balance categories
7) Independent review (quality assurance by an auditor who is not involved in the audit process).

Findings (Non-Conformities) that have not been addressed prior to the issue of the verification statement: **none**

Conclusions

With the review of the greenhouse gas report of Naturgy Energy Group S.A. "Informe de emisiones de gases efecto invernadero. Naturgy 2024. Febrero 2025" (*Greenhouse gas emissions report. Naturgy 2024. February 2025*), for all of the entity's worldwide considered corporate carbon footprint, we note that the greenhouse gas emissions for the year 2024, determined in accordance with the selected criteria, are presented in an objectively correct manner in all material aspects of the specifications and standards set out herein.

Naturgy Energy Group S.A. has introduced appropriate recording methods which, with the submitted corporate emissions report, make it possible to determine the GHG emissions included here for the year 2024.

Reasonable assurance level: based on the results of our review process, we confirm the reported emissions and the achievement of the agreed assurance level as well as compliance with the agreed materiality thresholds in relation to the considered emission categories.

Our verification statement is only valid in conjunction with the Company's GHG report (in the final version of February 2025) as a whole.

This statement is issued in accordance with our agreement with the Client and within the framework of our Verification and Validation Regulation. The results recorded here are based on our internal documentation of 16.12.2024 on this verification with project no. LK-2024-24-NATURGY HUELLA DE CARBONO CORPORATIVA 2024 (*LK-2024-24-NATURGY corporate carbon footprint 2024*).

Verification letters

KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Limited Assurance Report Issued by an Assurance Provider on the Consolidated Non-Financial Information Statement and Sustainability Reporting of Naturgy Energy Group, S.A. and subsidiaries for 2024

To the Shareholders of Naturgy Energy Group, S.A.:

Limited Assurance Conclusion

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of Naturgy Energy Group, S.A. (hereinafter the Entity) and its subsidiaries (hereinafter the Group) for the year ended 31 December 2024, which forms part of the consolidated Directors' Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, specifically including the sustainability reporting prepared by the Group for the year ended 31 December 2024 (hereinafter the sustainability reporting) in accordance with Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 as regards corporate sustainability reporting (CSRD). This sustainability reporting has also been subject to limited assurance review.

Based on the procedures conducted and the evidence we have obtained, no issues have come to our attention that would lead us to believe that:

a) the Group's Non-Financial Information Statement for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the European Sustainability Reporting Standards (ESRS) or other criteria in accordance with each subject area in the "Index of contents required by Law 11/2018" of the aforementioned statement;

b) the sustainability reporting as a whole has not been prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and identified in the accompanying note "(BP-1): General basis for preparation of the sustainability statement", including:

- That the description provided of the process to identify the sustainability reporting included in note "4. Management of Impacts, Risks and Opportunities" is consistent with the process in place and that it identifies the material information to be disclosed in accordance with the requirements of the ESRS.
- Compliance with the ESRS.
- Compliance of the disclosure requirements, included in subsection "EU Taxonomy Report (Regulation 2020/852) and sustainable financing" of the environmental

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section of the sustainability reporting with article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Basis for Conclusion

We have performed our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically with the guidelines contained in the Revised Guidelines 47 and 56 issued by the Spanish Institute of Registered Auditors on assurance engagements on non-financial information and considering the content of the note published by the ICAC on 18 December 2024 (hereinafter generally accepted professional standards).

The procedures applied in a limited assurance engagement are less extensive compared to those required in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the level of assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under those standards are described in more detail in the Responsibilities of the assurance provider section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM 1), which requires a quality management system to be designed, implemented and operated that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Directors' Responsibilities

The preparation of the NFIS included in the consolidated directors' report of the Group, and the content thereof, is the responsibility of the Directors of Naturgy Energy Group, S.A. The NFIS has been prepared in accordance with prevailing mercantile legislation and the selected ESRS and other criteria described in accordance with each subject matter in the "Index of contents required by Law 11/2018" of the aforementioned statement.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of Naturgy Energy Group, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

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In relation to sustainability reporting, the entity's Directors are responsible for developing and implementing a process to identify the information to be included in sustainability reporting in accordance with the CSRD, the ESRS and article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and for disclosing information about this process in the sustainability disclosures themselves in note "4. Impact, risk and opportunity management". This responsibility includes:

- Understanding the context in which the Group's business activities and relationships are conducted, and its stakeholders, in relation to the Group's impact on people and the environment;
- Identifying actual and potential impacts (both negative and positive), and any risks and opportunities that might affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to financing and the cost of capital in the short, medium or long term;
  - Evaluating the materiality of the impacts, risks and opportunities identified;
  - Making assumptions and estimates that are reasonable in the circumstances.

The Directors are also responsible for the preparation of sustainability reporting, including the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance with the CSRD, compliance with the ESRS and compliance with the disclosure requirements included in subsection "EU Taxonomy Report (Regulation 2020/852) and sustainable financing" of the environmental section of the sustainability reporting with article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Directors determine is relevant to enable the preparation of sustainability reporting that is free from material misstatement, whether due to fraud or error.
- Selecting and applying appropriate methods for sustainability reporting and making assumptions and estimates that are reasonable in the circumstances for specific disclosures.

Inherent Limitations in the Preparation of the Information

In accordance with the ESRS, the entity's Directors are required to prepare prospective information based on assumptions, which are to be included in the sustainability reporting, about events that may occur in the future, as well as possible future actions, if any, that the Group may take. The actual outcome may differ significantly from the estimate, as it refers to the future and future events often do not occur as expected.

In determining sustainability disclosures, an entity's management interprets legal and other terms that are not clearly defined and may be interpreted differently by other people, including the legal conformity of such interpretations, and are therefore subject to uncertainty.

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Responsibilities of the Assurance Provider

Our objectives are to plan and perform the assurance engagement in order to obtain limited assurance about whether the NFIS and sustainability reporting is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report containing our conclusions thereon. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we apply our professional judgement and maintain an attitude of professional scepticism throughout the engagement. We also :

- Design and implement procedures to assess whether the process for identifying the information to be included in both the NFIS and sustainability reporting is consistent with the description of the process followed by the Group and enables, where appropriate, the identification of material information to be disclosed in accordance with the requirements of the ESRS.
- Apply risk-based procedures, including obtaining an understanding of internal controls relevant to the engagement in order to identify the disclosures in which it is most likely that material misstatements arise, whether due to fraud or error, but not for the purpose of providing a conclusion about the effectiveness of the Group's internal control.
- Design and implement procedures that respond to disclosures in both the NFIS and sustainability reporting in which material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the Work Carried Out

A limited assurance engagement includes performing procedures to obtain evidence to support our conclusions. The nature, timing and extent of the procedures selected depend on professional judgement, including an identification of the disclosures in which material misstatements, whether due to fraud or error, are likely to arise in the NFIS and sustainability reporting.

Our work has consisted of making inquiries of management, as well as of the different units and components of the Group that have participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and sustainability reporting and applying certain analytical procedures and sample review tests, which are described below::

In relation to the NFIS assurance review process :

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.

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- Analysis of the scope, relevance and completeness of the content of the NFIS for 2024 based on the materiality analysis performed by the Group and described in section "4. Impact, risk and opportunity management" considering the content required by prevailing mercantile legislation.

- Analysis of the processes for compiling and validating the data presented in the NFIS for 2024.

- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2024.

- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2024 and whether it has been adequately compiled based on data provided by the information sources. En relación con el proceso de verificación de la información sobre sostenibilidad:

In relation to the assurance on sustainability reporting process:

- Making inquiries of Group personnel:

- To gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.

- To understand the source of information used by management (e.g. stakeholder interaction, business plans and strategy documents); and the review of the Group's internal documentation on its process.

- Gaining, through inquiries with Group personnel, an understanding of the entity's processes for collecting, validating and presenting information relevant to the preparation of its sustainability reporting.

- Assessing the consistency of the evidence obtained from our procedures on the Group-implemented process to determine the information to be included in sustainability reporting with the description of the process included in such disclosures, and assessing whether the Group-implemented process identifies the material information to be disclosed in accordance with the requirements of the ESRS.

- Assessing whether all the information identified in the Group-implemented process to determine the information to be included in sustainability reporting is effectively included.

- Assessing the consistency of the structure and presentation of sustainability reporting with the provisions of the ESRS and the rest of the sustainability reporting framework applied by the Group.

- Conducting inquiries of relevant personnel and analytical procedures on information disclosed in the sustainability reporting, considering information in which material misstatements are likely to arise, whether due to fraud or error.

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- Performing, where appropriate, substantive sampling procedures on the information disclosed in the selected sustainability reporting, considering information in which material misstatements are likely to arise, whether due to fraud or error.

- Procuring, where applicable, the reports issued by accredited independent third parties accompanying the consolidated Directors' Report in compliance with EU regulations and, in relation to the information to which they refer and in accordance with generally accepted professional standards, confirming, exclusively, the accreditation of the assurance provider and that the scope of the report issued complies with EU regulations.

- Procuring, where appropriate, the documents containing the information included by reference, the reports issued by auditors or assurance providers of such documents and, in accordance with generally accepted professional standards, confirming, exclusively, that, as regards the document to which the information included by reference, the conditions described in the ESRS for including information by reference in the sustainability reporting are met.

- Procuring a representation letter from the Directors and management regarding the NFIS and sustainability reporting.

Other Information

Entity management is responsible for the other information. The other information comprises the consolidated annual accounts and other information included in the consolidated Directors' Report, but does not include either the auditor's report on the consolidated annual accounts or the assurance reports issued by accredited independent third parties required by EU law on specific disclosures contained in the sustainability reporting and accompanying the consolidated Directors' Report.

Our assurance report does not cover the other information and we do not express any assurance conclusions about it.

In connection with our assurance engagement on the sustainability reporting, our responsibility consists of reading the other information identified above and, in doing so, consider whether there is a material inconsistency between the other information and the sustainability reporting or the knowledge we have obtained during the assurance engagement that could be indicative of material misstatements in the sustainability reporting.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

February 19, 2025